

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Sun Pharma Laboratories Limited

### **Report on the Consolidated Ind AS Financial Statements**

We have audited the accompanying consolidated Ind AS financial statements of Sun Pharma Laboratories Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associates, comprising of the consolidated Balance Sheet as at March 31, 2018, the consolidated Statement of Profit and Loss including other comprehensive income, the consolidated Cash Flow Statement, the consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

### **Management's Responsibility for the Consolidated Ind AS Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial

statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries and associates, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Group and its associates as at March 31, 2018, their consolidated profit including other comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### **Other Matter**

- (a) We did not audit the financial statements and other financial information, in respect of two subsidiaries, whose Ind AS financial statements include total assets of Rs. 3,082.5 Million and net assets of Rs. (78.6) Million as at March 31, 2018, and total revenues of Rs. 1,200.3 Million and net cash outflows of Rs. 11.5 Million for the year ended on that date. These financial statements and other financial information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the report(s) of such other auditors.
- (b) The consolidated Ind AS financial statements of the Company for the year ended March 31, 2017, included in these consolidated Ind AS financial statements, have been audited by the predecessor auditor who expressed an unmodified opinion on those statements on May 25, 2017.
- (c) The accompanying consolidated Ind AS financial statements include the Group's share of net profit of Rs. 132.7 Million for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of three associates, whose financial statements, other financial information have not been audited and whose unaudited financial statements, other unaudited financial information have been furnished to us by the Management. Our opinion, in so far as it relates amounts and disclosures included in respect of these associates, and our report in terms of sub-sections (3) of Section 143 of the Act in so far as it relates to the aforesaid associates, is based solely on such unaudited financial statement and other unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements and other financial information are not material to the Group.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of subsidiaries and associates, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss including the Statement of Other Comprehensive Income, the consolidated Cash Flow Statement and consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group's companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries and associates, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated financial position of the Group and its associates – Refer Note 37 to the consolidated Ind AS financial statements;
  - ii. The Group and its associates did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.

- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries and associates incorporated in India during the year ended March 31, 2018.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal  
Partner  
Membership Number: 49365

Place of Signature: Mumbai  
Date: May 24, 2018



**Annexure 1 to the Independent Auditor's Report of even date on the consolidated financial statements of Sun Pharma Laboratories Limited**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Sun Pharma Laboratories Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Sun Pharma Laboratories Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting with reference to these consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated financial statements.

#### **Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

A company's internal financial control over financial reporting with reference to these consolidated financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company, insofar as it relates to these two subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal  
Partner  
Membership Number: 49365

Place of Signature: Mumbai  
Date: May 24, 2018

SUN PHARMA LABORATORIES LIMITED  
CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2018

₹ in Million

	Notes	As at March 31, 2018	As at March 31, 2017
<b>ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	11,905.4	10,328.6
(b) Capital work-in-progress		3,313.4	2,736.0
(c) Goodwill		1.0	1.0
(d) Intangible assets	4	91,791.2	107,033.5
(e) Investments in associates	5	83,145.2	70,628.0
(f) Financial assets			
(i) Investments	6	645.3	654.8
(ii) Loans	7	2,540.9	3.2
(iii) Other financial assets	8	170.1	155.7
(g) Income tax assets (Net)	9	4,327.1	4,508.1
(h) Other non-current assets	10	1,222.3	929.2
<b>Total non-current assets</b>		<b>199,061.9</b>	<b>196,978.1</b>
<b>(2) Current assets</b>			
(a) Inventories	11	4,991.0	5,305.2
(b) Financial assets			
(i) Investments	12	4,756.5	1,675.5
(ii) Trade receivables	13	9,049.8	5,926.7
(iii) Cash and cash equivalents	14	20.5	33.3
(iv) Bank balances other than (iii) above	15	20.5	26.2
(v) Loans	16	6,566.5	9,584.9
(vi) Other financial assets	17	2,100.0	32.3
(c) Other current assets	18	3,005.7	1,966.8
<b>Total current assets</b>		<b>30,510.5</b>	<b>24,550.9</b>
<b>TOTAL ASSETS</b>		<b>229,572.4</b>	<b>221,529.0</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	19	0.5	0.5
(b) Other equity	20	196,865.3	197,539.5
<b>Total equity</b>		<b>196,865.8</b>	<b>197,540.0</b>
<b>Liabilities</b>			
<b>(1) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	-	5,358.8
(b) Provisions	22	411.8	556.7
(c) Deferred tax liabilities (Net)	49	559.3	207.1
<b>Total non current liabilities</b>		<b>971.1</b>	<b>6,122.6</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	23	13,818.3	3,983.9
(ii) Trade payables	24	7,187.2	5,264.5
(iii) Other financial liabilities	25	5,996.2	5,809.5
(b) Other current liabilities	26	2,592.3	445.7
(c) Provisions	27	2,141.5	2,362.8
<b>Total current liabilities</b>		<b>31,735.5</b>	<b>17,866.4</b>
<b>Total liabilities</b>		<b>32,706.6</b>	<b>23,989.0</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>229,572.4</b>	<b>221,529.0</b>

The accompanying notes are an integral part of the consolidated financial statements  
As per our report of even date

For and on behalf of the Board of Directors of  
Sun Pharma Laboratories Limited

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm registration no. 324982E/E300003

C. S. MURALIDHARAN  
Chief Financial Officer

SUDHIR V. VALIA  
Director

per RAVI BANSAL  
Partner  
Membership No. 49365  
Mumbai, May 24, 2018

RACHANA N. KOKAL  
Company Secretary

SAILESH T. DESAI  
Director

KALYANASUNDARAM SUBRAMANIAN  
Whole time Director & CEO  
Mumbai, May 24, 2018

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018

	Notes	Year ended March 31, 2018	Year ended March 31, 2017
(I) Revenue from operations	28	53,308.8	53,228.9
(II) Other income	29	2,578.3	2,286.5
(III) Total income (I + II)		55,887.1	55,515.4
(IV) Expenses			
Cost of materials consumed	30	8,188.8	9,390.7
Purchase of stock-in-trade		3,855.2	3,511.2
Changes in inventories of finished goods, stock-in-trade and work-in-progress	31	627.0	708.7
Employee benefits expense	32	6,011.9	4,860.7
Finance costs	33	1,423.2	1,478.0
Depreciation and amortisation expense	3 & 4	16,166.3	15,971.7
Other expenses	34	8,093.6	9,916.7
Total expenses (IV)		44,366.0	45,837.7
(V) Profit before tax (III-IV)		11,521.1	9,677.7
(VI) Tax expense:	35		
Current tax		2,510.0	2,100.0
Deferred tax		310.2	6.7
Total tax expense (VI)		2,820.2	2,106.7
(VII) Profit for the year (V - VI)		8,700.9	7,571.0
(VIII) Share of profit of associates		132.7	2.5
(IX) Profit for the year attributable to owners of the Company (VII + VIII)		8,833.6	7,573.5
(X) Other comprehensive income			
a) Items that will not be reclassified to the statement of profit and loss			
(i) Remeasurements gain/(loss) on defined benefit plans		118.1	(163.6)
(ii) Income Tax Effect		(45.3)	56.6
b) Items that will be reclassified to to the statement of profit and loss			
(i) Exchange difference in translating the financial statements of foreign operation (March 31, 2018 ₹ 4,391)		(0.0)	(0.1)
(ii) Net (Loss) on Debt Instruments through Other Comprehensive Income		(9.5)	-
(iii) Income Tax Effect		3.3	-
(X) Total other comprehensive income (net of taxes) (a+b)		66.6	(107.1)
(XI) Total comprehensive income for the year attributable to owners of the Company (net of taxes) (IX + X)		8,900.2	7,466.4
Earnings per equity share (face value per equity share - ₹ 10)	43		
Basic and Diluted (in ₹)		174,746	150,508

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors of  
Sun Pharma Laboratories Limited

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm registration no. 324982E/E300003

C. S. MURALIDHARAN  
Chief Financial Officer

SUDHIR V. VALIA  
Director

per RAVI BANSAL  
Partner  
Membership No. 49365  
Mumbai, May 24, 2018

RACHANA N. KOKAL  
Company Secretary

SAILESH T. DESAI  
Director

KALYANASUNDARAM SUBRAMANIAN  
Whole time Director & CEO  
Mumbai, May 24, 2018

SUN PHARMA LABORATORIES LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018

Particulars	Equity share capital	Other equity				Other Comprehensive Income (OCI)		Total Equity	
		Equity component of compound financial instrument	Reserve and surplus			Fair value through Other comprehensive income reserve	Foreign currency translation reserve		
			Capital reserve	Capital redemption reserve	Debtenture redemption reserve				Retained earnings
Balance as at March 31, 2016	0.5	141.2	185,654.3	# 0.0	1,041.7	5,691.2	-	@ (0.0)	192,528.9
Profit for the year	-	-	-	-	-	7,573.5	-	-	7,573.5
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	-	(0.1)	(0.1)
Other comprehensive income for the year	-	-	-	-	-	**(107.0)	-	-	(107.0)
Total comprehensive income for the year	-	-	-	-	-	7,466.5	-	(0.1)	7,466.4
Payment of dividends-Equity Shareholders	-	-	-	-	-	(2,000.0)	-	-	(2,000.0)
Payment of dividends-Preference Shareholders	-	-	-	-	-	(40.0)	-	-	(40.0)
Corporate dividend tax	-	-	-	-	-	(415.3)	-	-	(415.3)
Transfer to debenture redemption reserve	-	-	-	-	1,041.7	(1,041.7)	-	-	-
Balance as at March 31, 2017	0.5	141.2	185,654.3	# 0.0	2,083.4	9,660.7	-	(0.1)	197,540.0
Profit for the year	-	-	-	-	-	8,833.6	-	-	8,833.6
Exchange difference arising on translation of foreign operation	-	-	-	-	-	-	-	* (0.0)	(0.0)
Other comprehensive income for the year	-	-	-	-	-	** 72.8	(6.2)	-	66.6
Total comprehensive income for the year	-	-	-	-	-	8,906.4	(6.2)	* (0.0)	8,900.2
Payment of dividends - Equity Shareholders	-	-	-	-	-	(7,875.0)	-	-	(7,875.0)
Payment of dividends - Preference Shareholders	-	-	-	-	-	(80.0)	-	-	(80.0)
Corporate dividend tax	-	-	-	-	-	(1,619.4)	-	-	(1,619.4)
Transfer from debenture redemption reserve	-	-	-	-	(833.4)	833.4	-	-	-
Balance as at March 31, 2018	0.5	141.2	185,654.3	# 0.0	1,250.0	9,826.1	(6.2)	(0.1)	196,865.8

(\* ) ₹ 4,391

(#) ₹ 10,000

(@) ₹ 856

\*\* Remeasurements gain/(loss) on defined benefit plans

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm registration no. 324982E/E300003

For and on behalf of the Board of Directors of  
Sun Pharma Laboratories Limited

C. S. MURALIDHARAN  
Chief Financial Officer

SUDHIR V. VALIA  
Director

per RAVI BANSAL  
Partner  
Membership No. 49365  
Mumbai, May 24, 2018

RACHANA N. KOKAL  
Company Secretary

SAILESH T. DESAI  
Director

KALYANASUNDARAM SUBRAMANIAN  
Whole time Director & CEO  
Mumbai, May 24, 2018



**SUN PHARMA LABORATORIES LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018**

₹ in Million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>A. Cash flow from operating activities</b>		
Profit before tax	11,521.1	9,677.7
Adjustments for:		
Depreciation and amortisation expense	16,166.3	15,971.7
Impairment losses on property, plant and equipment recognised in statement of profit and loss	-	203.6
Loss on sale of property, plant and equipments (net)	0.9	3.3
Finance Costs	1,423.2	1,478.0
Interest Income	(2,236.0)	(1,911.3)
Gain on sale of financial assets measured at fair value through profit or loss	(138.2)	(337.9)
Net Gain arising on financial assets measured at fair value through profit or loss	(6.0)	(10.9)
Allowance for doubtful debts	(10.1)	9.0
Net unreliaised foreign exchange (gain) / loss	(6.1)	5.1
<b>Operating profit before working capital changes</b>	<b>26,715.1</b>	<b>25,088.3</b>
<b>Movements in working capital:</b>		
Decrease in inventories	314.3	444.0
(Increase) in trade receivables	(3,112.6)	(2,062.9)
(Increase) in other assets	(2,409.9)	(1,062.9)
Increase in trade payables	1,929.0	716.6
Increase / (decrease) in provisions	(248.0)	703.7
Increase / (decrease) in other liabilities	2,089.6	(18.9)
<b>Cash generated from operations</b>	<b>25,277.5</b>	<b>23,807.9</b>
Net income tax paid	(2,329.0)	(2,508.5)
<b>Net cash generated by operating activities (A)</b>	<b>22,948.5</b>	<b>21,299.4</b>
<b>B. Cash flow from investing activities</b>		
Payment for purchase of property, plant and equipment (including capital work-in-progress) and intangible assets	(4,248.4)	(3,623.9)
Proceeds from disposal of property, plant and equipment and intangible assets	38.3	62.9
Receipt of rental on fixed assets given under finance lease	-	10.6
Net cash outflow on acquisition of subsidiary	-	(9.7)
Purchase of investments		
Associate	(12,384.4)	(32,318.4)
Others	(160,595.5)	(210,023.0)
Proceeds from sale of investments		
Others	157,658.7	214,921.9
Inter corporate deposit given		
Holding company	(28,110.5)	(9,200.0)
Others	(5,654.1)	(5,970.0)
Inter corporate deposits received back		
Holding company	22,643.5	17,220.0
Others	12,164.5	6,721.2
Investment in bank deposits (having original maturity of more than 3 months)	5.7	1.8
Interest received	1,667.8	1,918.4
<b>Net cash (used in) investing activities (B)</b>	<b>(16,814.4)</b>	<b>(20,288.2)</b>

SUN PHARMA LABORATORIES LIMITED  
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
<b>C. Cash flow from financing activities</b>		
Proceeds from non-current Borrowings	(5,000.0)	-
Repayment of borrowings	39,725.5	(36,000.0)
Net increase in working capital borrowings	(29,919.1)	38,955.9
Finance costs paid	(1,378.9)	(1,422.0)
Dividends paid	(7,955.0)	(2,040.0)
Tax on dividend	(1,619.4)	(415.3)
<b>Net cash (used in) financing activities (C)</b>	<b>(6,146.9)</b>	<b>(921.4)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(12.8)</b>	<b>89.8</b>
Cash and cash equivalents at the beginning of the year	33.3	(56.6)
<b>Cash and cash equivalents at the end of the Year</b>	<b>20.5</b>	<b>33.3</b>
<b>Notes:</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
<b>A Cash and cash equivalents comprises of</b>		
Balances with banks in current account	19.5	31.5
Cash on hand	1.0	1.8
Cash and cash equivalents (Refer note 14)	20.5	33.3
Cash and cash equivalents in cash flow statement	20.5	33.3

**B** For changes in liabilities arising from financing activities as required under IND AS 7, refer note 58

The accompanying notes are an integral part of the Consolidated financial statements

As per our report of even date

For and on behalf of the Board of Directors of  
Sun Pharma Laboratories Limited

For S R B C & CO LLP

Chartered Accountants

ICAI Firm registration no. 324982E/E300003

per RAVI BANSAL

Partner

Membership No. 49365

Mumbai, May 24, 2018

**C. S. MURALIDHARAN**  
Chief Financial Officer

**SUDHIR V. VALIA**  
Director

**RACHANA N. KOKAL**  
Company Secretary

**SAILESH T. DESAI**  
Director

**KALYANASUNDARAM SUBRAMANIAN**  
Whole time Director & CEO  
Mumbai, May 24, 2018

**SUN PHARMA LABORATORIES LIMITED**  
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**1. General information**

Sun Pharma Laboratories Limited ("the Company") is a public limited company incorporated and domiciled in India and has its listing Wholesale - Debt segment of the BSE Limited. The Registered office of the Company is located at Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon (East) Mumbai 400063. The Company is in the business of manufacturing, producing, developing and marketing a wide range of branded and generic formulations. The Company and its subsidiaries (hereinafter referred to as "the Group") have various manufacturing locations with trading and other incidental and related activities.

The consolidated financial statement were authorised for issue in accordance with a resolution of the directors on May 24, 2018.

**2. Significant accounting policies**

**2.1 Statement of compliance**

The Group has prepared its consolidated financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2017.

**2.2 Basis of preparation and presentation**

The consolidated financial statements have been prepared on the historical cost basis, except for: (i) financial instruments that are measured at fair values at the end of each reporting period; (ii) Non-current assets classified as held for sale which are measured at the lower of their carrying amount and fair value less costs to sell; and (iii) defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The consolidated financial statements are presented in ₹ and all values are rounded to the nearest Million (₹ 000,000) upto one decimal, except when otherwise indicated.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

**SUN PHARMA LABORATORIES LIMITED**  
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In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

***a. Basis of consolidation***

The consolidated financial statements comprise the financial statements of the Parent Company, and its subsidiaries as disclosed in Note 36. Control exists when the parent has power over the entity, is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns by using its power over the entity. Power is demonstrated through existing rights that give the ability to direct relevant activities, those which significantly affect the entity's returns. Subsidiaries are consolidated from the date control commences until the date control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

The financial statements of the Group companies are consolidated on a line-by-line basis and intra-Group balances, transactions including unrealised gain / loss from such transactions and cash flows relating to transactions between members of the Group are eliminated upon consolidation. These financial statements are prepared by applying uniform accounting policies in use at the Group.

***Changes in the Group's ownership interests in existing subsidiaries***

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed off the related assets or liabilities of the subsidiary (i.e. reclassified to statement of profit and loss or transferred to another category of equity as specified/ permitted by applicable Ind AS). The

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fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

*Investments in Associates and Joint Ventures*

Associates are those entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entities but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. Distributions received from an associate or a joint venture reduce the carrying amount of the investment. The carrying value of the Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. When the Group's share of losses of an associate or a joint venture exceeds its interest in that associate or joint venture, the carrying amount of that interest (including any long-term investments) is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has obligations or has made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture and discontinues from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale.

The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed off the related assets or liabilities.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

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***b. Current vs. Non-current***

The Group presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

***c. Business combinations***

The Group uses the acquisition method of accounting to account for business combinations that occurred on or after April 01, 2015. The acquisition date is generally the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), less the net recognised amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as Capital Reserve where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase else the gain is directly recognised in equity as Capital Reserve. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill or capital reserve, as the case maybe. The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at fair value



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at subsequent reporting dates with the corresponding gain or loss being recognised in statement of profit and loss. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

***d. Foreign currency***

*Foreign currency transactions*

In preparing the financial statements of each individual Group entity, transactions in currencies other than the Group's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in statement of profit and loss in the period in which they arise except for:

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) are recognised in other comprehensive income / (loss) and presented within equity as a part of Foreign Currency Translation Reserve. On disposal of the foreign operation, the relevant amount in the Foreign Currency Translation Reserve is reclassified to statement of profit and loss.

Non-monetary items that are measured in terms of historical cost in foreign currency are measured using the exchange rates at the date of initial transaction.

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*Foreign operations*

For the purposes of presenting these consolidated financial statements, the assets and liabilities of Group's foreign operations, are translated to the Indian Rupees at exchange rates at the end of each reporting period. The income and expenses of such foreign operations are translated at the average exchange rates for the period. Resulting foreign currency differences are recognised in other comprehensive income / (loss) and presented within equity as part of Foreign Currency Translation Reserve (and attributed to non-controlling interests as appropriate). When a foreign operation is disposed off, the relevant amount in the Foreign Currency Translation Reserve is reclassified to statement of profit and loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in statement of profit and loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to statement of profit and loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

*e. Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker of the Group is responsible for allocating resources and assessing performance of the operating segments.

*f. Property, plant and equipment*

Items of property, plant and equipment are stated in consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Freehold land is not depreciated.

Assets in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes purchase price, borrowing costs if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in statement of profit and loss.

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Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the acquired asset is measured at the carrying amount of the asset given up.

Depreciation is recognised on the cost of assets (other than freehold land and Capital work-in-progress) less their residual values on straight-line method over their useful lives. Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as follows:

Asset Category	No. of Years
Leasehold land	90-196
Factory Buildings	10-30
Buildings other than Factory Buildings	10-60
Plant and equipment	3-25
Vehicles	5-10
Office equipment	2-5
Furniture and fixtures	10

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalised as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognised as expense as incurred. The capitalised costs are amortised over the lower of the estimated useful life of the software and the remaining useful life of the tangible fixed asset.

***g. Goodwill and other intangible assets***

***Goodwill***

Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Group's share of identifiable net assets acquired. Goodwill is measured at cost less accumulated impairment losses. A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

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On disposal of a cash-generating unit to which goodwill is allocated, the goodwill associated with the disposed cash-generating unit is included in the carrying amount of the cash-generating unit when determining the gain or loss on disposal.

*Other intangible assets*

Other intangible assets that are acquired by the Group and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalised since the probability of expected future economic benefits criterion is always considered to be satisfied for separately acquired intangible assets.

Acquired research and development intangible assets which are under development, are recognised as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such IPR&D assets is recognised in statement of profit and loss. Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable.

The consideration for acquisition of intangible asset which is based on reaching specific milestone that are dependent on the Group's future activity is recognised only when the activity requiring the payment is performed.

Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, are recognised in the statement of profit and loss as incurred.

Amortisation is recognised on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets that are not available for use are amortised from the date they are available for use.

The estimated useful lives for Product related intangibles and Other intangibles ranges from 5 to 12 years.

The estimated useful life and the amortisation method for intangible assets with a finite useful life are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

*De-recognition of intangible assets*

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Gain or loss arising on such de-recognition is

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recognised in statement of profit and loss, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

***h. Impairment of non-financial assets other than goodwill***

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised in the statement of profit and loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

In respect of assets other than goodwill, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

***i. Financial instruments***

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial assets**

**Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the date the group commits to purchase or sale the financial assets.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:



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- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

*Debt instruments at amortised cost*

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

*Debt instrument at FVTOCI*

A 'debt instrument' is measured as at FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

*Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all the changes in the statement of profit and loss.



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*Equity instruments*

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present subsequent changes in the fair value in OCI. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

*Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated balance sheet) when:

- The contractual rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

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*Impairment of financial assets*

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset. The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

**Financial liabilities and equity instruments**

*Classification as debt or equity*

Debt and equity instruments issued by a Group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a Group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Parent Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Parent Company's own equity instruments.

*Compound financial instruments*

The component parts of compound financial instruments (convertible notes) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Initial recognition and measurement*

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

*Subsequent measurement*

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

*Financial liabilities at fair value through profit or loss*

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For instruments not-held-for-trading financial liabilities designated as at FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI, unless the recognition of the effects of changes in the liability's credit risk in OCI would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in statement of profit and loss. These gains/ loss are not subsequently transferred to profit or loss. All other changes in fair value of such liability are recognised in the consolidated statement of profit and loss.

*Financial liabilities subsequently measured at amortised cost*

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost in subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate (EIR) method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the statement of profit and loss.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

*Financial guarantee contracts*

Financial guarantee contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. If not designated as at FVTPL, are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount initially recognised less cumulative amount of income recognised.

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**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit and loss.

*Reclassification of financial assets*

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

*Dividend distribution to equity holders of the Parent*

The Parent Company recognises a liability to make dividend distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Parent Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

**j. Leases**

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases.

**Group as a lessee**

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased assets or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in statement of profit and loss as finance costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are generally recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Where the rentals are structured solely

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to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

**Group as a lessor**

Rental income from operating lease is generally recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Amounts due from lessees under finance leases are recorded as receivables at the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

***k. Inventories***

Inventories consisting of raw materials and packing materials, work-in-progress, stock-in-trade, stores and spares and finished goods are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method.

Cost of raw materials and packing materials, stock-in-trade, stores and spares includes cost of purchases and other costs incurred in bringing the inventories to their present location and condition.

Cost of work-in-progress and finished goods comprises direct material, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs necessary to make the sale.

The factors that the Group considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Group's business and markets. The Group considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

***l. Cash and cash equivalents***

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.



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For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits.

***m. Provisions, contingent liabilities and contingent assets***

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

***Restructuring***

A provision for restructuring is recognised when the Group has a detailed formal restructuring plan and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditure arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

***Onerous contracts***

Present obligations arising under onerous contracts are recognised and measured as provisions. An onerous contract is considered to exist where the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefit expected to be received from the contract.

***Contingent liabilities and contingent assets***

Contingent liability is disclosed for,

- (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group, or
- (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the consolidated financial statements.

***n. Revenue***

Revenue from sale of goods is measured at the fair value of the consideration received or receivable. Revenue is stated exclusive of sales tax, value added tax, goods and service tax



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and net of returns, chargebacks, rebates and other similar allowances. Revenue is inclusive of excise duty till the period, provision of excise duty was levied on sale of goods.

*Sale of goods*

Revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of goods, it is probable that the economic benefit will flow to the Group, the associated costs and possible return of goods can be estimated reliably, there is neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold and the amount of revenue can be measured reliably. The Group is principal in all of its revenue arrangements, since it is the primary obligor in all of the revenue arrangements, as it has pricing latitude and is exposed to inventory and credit risks.

Provisions for chargeback, rebates, discounts and medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue.

*Sales returns*

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. With respect to established products, the Group considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Group, such products have historically been either extensions of an existing line of product where the Group has historical experience or in therapeutic categories where established products exist and are sold either by the Group or the Group's competitors.

*Rendering of services*

Revenue from services rendered is recognised in the consolidated statement profit and loss as the underlying services are performed. Upfront non-refundable payments received are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

*Royalties*

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the Group and the amount of revenue can be measured reliably). Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement.

***o. Dividend and interest income***

Dividend income is recognised when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash

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receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

***p. Government grants***

The Group recognises government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, the Group deducts such grant amount from the carrying amount of the asset

***q. Employee benefits***

*Defined benefit plans*

The Group operates a defined benefit gratuity plan which requires contribution to be made to a separately administered fund.

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the statement of profit and loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in statement of profit and loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to profit or loss.

*Termination benefits*

Termination benefits are recognised as an expense at the earlier of the date when the Group can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

*Short-term and Other long-term employee benefits*

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit

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method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Group's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

*Defined contribution plans*

The Group's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions. The Group does not have any obligation other than the contribution made.

*r. Borrowing costs*

Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use.

*s. Income tax*

Income tax expense consists of current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax is not recognised for the temporary differences that arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits and taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Group.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for

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the Group and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Group will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

***t. Earnings per share***

The Parent Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Parent Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

***u. Recent Accounting pronouncements***

**Standards issued but not yet effective and not early adopted by the Group**

***Ind AS 115, Revenue from Contracts with Customers***

In March 2018, the Ministry of Corporate Affairs ("MCA") has notified Ind AS 115, *Revenue from Contracts with Customers*, which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard will supersede existing revenue recognition guidance, and requires an entity to recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new standard also will result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively (for example, service revenue and contract modifications) and improve guidance for multiple-element arrangements.

Ind AS 115 is effective for annual reporting periods beginning on or after 1 April 2018.

The Group intends to adopt Ind AS 115 effective 1 April 2018, using the modified retrospective method. The Group is evaluating the requirements of the standard and its impact on its financials.

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***Other Amendments:***

On 28 March 2018, the MCA, issued certain amendments to Ind AS. The amendments relate to the following standards:

- Ind AS 40, Investment Property
- Ind AS 21, The Effects of Changes in Foreign Exchange Rates
- Ind AS 12, Income Taxes
- Ind AS 28, Investments in Associates and Joint Ventures
- Ind AS 112, Disclosure of Interests in Other Entities

The amendments are effective 1 April 2018. The Group believes that the aforementioned amendments will not materially impact the financial position, performance or the cash flows of the Group.

***Amendments to Ind AS 7 Statement of Cash Flows:***

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Group has provided the information for the current period in Consolidated Cash Flow Statement. Since amendment is effect from April 1, 2017, no comparative period information is required.

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NOTE : 3  
PROPERTY, PLANT AND EQUIPMENT

Particulars	₹ in Million							Total
	Freehold land	Leasehold land	Buildings	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	
At cost or deemed cost								
As at April 01, 2016	12.0	134.4	4,172.2	2,739.9	106.3	52.4	250.2	7,467.4
Taken over on acquisition	-	-	-	600.2	27.3	6.0	-	633.5
Additions	26.1	-	1,657.2	1,886.9	68.9	27.3	36.6	3,703.0
Disposals	-	-	-	(12.3)	(0.6)	(7.1)	(5.3)	(25.3)
As at March 31, 2017	38.1	134.4	5,829.4	5,214.7	201.9	78.6	281.5	11,778.6
Additions	-	-	374.2	2,002.7	23.4	15.6	43.4	2,459.3
Disposals	-	-	-	(41.7)	-	(6.2)	(3.4)	(51.3)
As at March 31, 2018	38.1	134.4	6,203.6	7,175.7	225.3	88.0	321.5	14,186.6
Accumulated depreciation and Impairment								
As at April 01, 2016	-	1.3	104.5	410.1	13.1	8.8	61.2	599.0
Depreciation expense	-	1.1	130.6	416.1	16.1	14.2	80.7	658.8
Impairment losses recognised in profit or loss (Refer note iii)	-	13.2	97.4	93.0	-	-	-	203.6
Eliminated on disposals of assets	-	-	-	(5.4)	(0.3)	(2.9)	(2.8)	(11.4)
As at March 31, 2017	-	15.6	332.5	913.8	28.9	20.1	139.1	1,450.0
Depreciation expense	-	1.1	165.2	554.9	23.1	17.5	81.6	843.4
Eliminated on disposals of assets	-	-	-	(6.4)	-	(2.8)	(3.0)	(12.2)
As at March 31, 2018	-	16.7	497.7	1,462.3	52.0	34.8	217.7	2,281.2
Carrying amount								
As at March 31, 2017	38.1	118.8	5,496.9	4,300.9	173.0	58.5	142.4	10,328.6
As at March 31, 2018	38.1	117.7	5,705.9	5,713.4	173.3	53.2	103.8	11,905.4

Footnotes:

(i) Building includes ₹ 1.8 Million (As at March 31, 2017 : ₹ 1.8 Million) and ₹ 1,772.0 Million (As at March 31, 2017 ₹ 1,772.0 Million) towards cost of non-convertible preference shares of face value of ₹ 10/- each and compulsorily convertible Debentures of face value of ₹ 10,000/- each respectively in a Group entitling the right of occupancy and use of premises.

(ii) The aggregate depreciation has been included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss.

(iii) The impairment losses have been included in the Consolidated Statement of Profit and Loss in the "Other Expenses" line item. This charge is on account of impairment of certain property, plant and equipment located at the Group's manufacturing facility at Jammu. Management has taken this decision after considering cost and other strategic matters. The recoverable amount of the assets is the fair value less costs to sell which is determined by the management on the basis of its past experience.



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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 4  
 INTANGIBLE ASSETS

Other than Internally generated

Particulars	₹ in Million	
	Product related Intangibles	
At cost or deemed cost		
As at April 01, 2016		137,669.1
Additions		-
Eliminated on disposals of assets		(63.5)
As at March 31, 2017		137,605.6
Additions		80.6
Eliminated on disposals of assets		-
As at March 31, 2018		137,686.2
Accumulated amortisation and Impairment		
As at April 01, 2016		15,270.2
Amortisation expense		15,312.9
Eliminated on disposals of assets		(11.0)
As at March 31, 2017		30,572.1
Amortisation expense		15,322.9
Eliminated on disposals of assets		-
As at March 31, 2018		45,895.0
Carrying amount		
As at March 31, 2017		107,033.5
As at March 31, 2018		91,791.2

Footnotes

(i) The aggregate amortisation has been included under depreciation and amortisation expense in the Consolidated Statement of Profit and Loss.

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NOTE : 5  
 INVESTMENTS IN ASSOCIATES (NON-CURRENT)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Unquoted (At cost) Equity instruments				
Sun Pharma Holdings				
Ordinary Shares of USD 1 each fully paid	50,000	6.4	50,000	5.8
Preference shares				
Sun Pharma Holdings				
5% Optionally Convertible Preference Shares of USD 1 each fully paid	1,200,000,000	82,694.1	1,025,000,000	70,309.7
Limited Liability Partnership				
Generic Solar Power LLP				
[ ₹ 28,760 (As at March 31, 2017 ₹ 28,760)]		0.0		0.0
Trumpcard Advisors and Finvest LLP		444.7		312.5
		444.7		312.5
		83,145.2		70,628.0
Aggregate amount of investment before impairment		83,145.2		70,628.0
Aggregate amount of impairment in the value of investments		-		-

NOTE : 6  
 INVESTMENTS (NON-CURRENT)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Investments in Debentures / Bonds Quoted (At FVTOCI)				
Housing Development Finance Corporation Ltd - 9.9 NCD Debentures of ₹ 1,000,000 each fully paid	250	253.5	250	259.4
National Highways Authority of India-8.2 BD 25JN22 Bonds of ₹ 1,000 each fully paid	61,809	66.1	61,809	66.7
Power Finance Corporation Ltd -SR-I 8.2 BD 01FB22 Bonds of ₹ 1,000 each fully paid	142,393	152.2	142,393	153.6
Indian Railway Finance Corporation Ltd -8/8.15 BD 23FB22 Bonds of ₹ 1,000 each fully paid	163,131	173.5	163,131	175.1
Aggregate book value (carrying value) of quoted investments		645.3		654.8
Aggregate amount of quoted investments at market value		645.3		654.8

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 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

	As at March 31, 2018	As at March 31, 2017
<b>7 LOANS (NON-CURRENT)</b>		
Unsecured considered good		
Loans to employees	1.9	3.2
Loans to other parties (*)	2,539.0	-
(*) Loan given to various parties at prevailing market rates.	<u>2,540.9</u>	<u>3.2</u>
<b>8 OTHER FINANCIAL ASSETS (NON-CURRENT)</b>		
Bank deposit for more than 12 months maturity (Refer note 54)	-	4.9
Security Deposits	170.1	150.8
	<u>170.1</u>	<u>155.7</u>
<b>9 INCOME TAX ASSETS (NON-CURRENT)</b>		
Advance Income Tax	4,327.1	4,508.1
[Net of Provisions ₹ 13,161.8 Million (March 31, 2017 : ₹ 10,651.8 Million)]	<u>4,327.1</u>	<u>4,508.1</u>
<b>10 OTHER NON-CURRENT ASSETS</b>		
Capital advances	1,166.4	161.8
Balances with government authorities	55.9	765.8
Others	-	1.6
	<u>1,222.3</u>	<u>929.2</u>
<b>11 INVENTORIES</b>		
(Lower of cost and net realisable value)		
Raw materials and packing materials	3,010.0	2,619.8
Goods-in-transit	45.8	140.5
	<u>3,055.8</u>	<u>2,760.3</u>
Work-in-progress	781.6	576.0
Finished goods	642.7	1,686.7
Goods-in-transit	266.5	-
	<u>909.2</u>	<u>1,686.7</u>
Stock-in-trade	222.3	277.2
Stores and Spares	22.1	5.0
	<u>4,991.0</u>	<u>5,305.2</u>

(i) Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Write downs of inventories amounted to ₹ 629.9 Million as at March 31, 2018 (As at March 31, 2017: ₹ 885.9 Million). The changes in write downs are recognised as an expense in the consolidated statement of profit and loss.

(ii) The cost of inventories recognised as an expense during the year is disclosed in Notes 30, 31 and 34 and as "Purchases of stock-in-trade" in the consolidated statement of profit and loss.

SUN PHARMA LABORATORIES LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 12  
 INVESTMENTS (CURRENT)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Quantity	₹ in Million	Quantity	₹ in Million
Unquoted - (At Fair value through profit or loss) Investment in Mutual Funds * Units of Face Value of ₹ 1,000 each fully paid				
Axis Mutual Fund - Axis Liquid Fund- Direct Plan Growth- CFDG	-	-	110,943	200.1
Aditya Birla Sun Life Mutual Fund-Aditya Birla Sun Life Cash Plus-Growth-Direct Plan	3,585,691	1,001.5	-	-
BNP Paribas Mutual Fund- BNP Paribas Overnight Fund- Direct Plan Growth Option	187,541	500.6	-	-
Baroda Pioneer Mutual Fund -Baroda Pioneer Liquid Fund Plan B-Growth	-	-	213,966	400.1
DSP BlackRock Mutual Fund-DSP BlackRock Liquidity Fund-Direct Plan-Growth	302,195	751.1	107,519	250.1
Indiabulls Mutual Fund-Indiabulls Liquid Fund-Direct Plan Growth	442,131	750.9	-	-
Kotak Mutual Fund-Kotak Floater Short Term - Direct Plan - Growth	-	-	187,362	500.1
LIC Mutual Fund-LIC MF Liquid Fund - Direct Plan - Growth	317,770	1,001.4	110,235	325.1
Sundaram Mutual Fund-Sundaram Money Fund-Direct Plan- Growth	20,499,084	751.0	-	-
		4,756.5		1,675.5
Aggregate amount of unquoted investments		4,756.5		1,675.5

\* Investments in mutual funds have been fair valued at closing net asset value (NAV)

## SUN PHARMA LABORATORIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

	As at March 31, 2018	As at March 31, 2017
<b>13 TRADE RECEIVABLES</b>		
Unsecured		
Considered good	9,049.8	5,926.7
Considered Doubtful	138.0	148.1
	<u>9,187.8</u>	<u>6,074.8</u>
Allowance for doubtful debts (expected credit loss allowance)	(138.0)	(148.1)
	<u>9,049.8</u>	<u>5,926.7</u>
<b>14 CASH AND CASH EQUIVALENTS</b>		
Cash on hand	1.0	1.8
Balances with banks In Current Accounts	19.5	31.5
	<u>20.5</u>	<u>33.3</u>
<b>15 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 14 ABOVE</b>		
Deposit accounts (Refer note 54)	20.5	26.2
	<u>20.5</u>	<u>26.2</u>
<b>16 LOANS (CURRENT)</b> (at amortised cost)		
Unsecured considered good unless stated otherwise		
Loans to employees / other parties (*)	516.8	9,584.9
Loans to related parties (Refer Note 47) (*)	6,049.7	-
(*) Loan given to various parties at prevailing market rates.	<u>6,566.5</u>	<u>9,584.9</u>
<b>17 OTHER FINANCIAL ASSETS (CURRENT)</b> (At amortised cost)		
Insurance claim receivables	-	11.7
Interest accrued	20.6	20.6
Refund Due From Government Authorities (Refer Note 56)	2,079.4	-
	<u>2,100.0</u>	<u>32.3</u>
<b>18 OTHER CURRENT ASSETS</b>		
Prepaid expenses	52.8	65.2
Advances for supply of goods and services	504.4	450.9
Balances with government authorities	2,314.4	1,450.7
Others	134.1	-
	<u>3,005.7</u>	<u>1,966.8</u>

## SUN PHARMA LABORATORIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

	As at March 31, 2018	As at March 31, 2017
<b>19 EQUITY SHARE CAPITAL</b>		
<b>Authorised</b>		
50,000,000 (Previous Year 50,000,000) Equity shares of ₹ 10 each	<u>500.0</u>	<u>500.0</u>
<b>Issued, Subscribed and Fully Paid Up</b>		
50,000 (Previous Year 50,000) Equity shares of ₹ 10 each (refer note 42)	<u>0.5</u>	<u>0.5</u>
	<u>0.5</u>	<u>0.5</u>
<b>20 Other Equity</b>		
Refer statement of changes in equity for detailed movement in other equity balance		
<b>A. Equity component of compound financial instrument</b>	141.2	141.2
<b>B. Reserves and surplus</b>		
Capital reserve	185,654.3	185,654.3
Debenture redemption reserve	1,250.0	2,083.4
Capital redemption reserve [₹ 10,000 (Previous Year ₹ 10,000)]	0.0	0.0
Retained earnings	<u>9,826.1</u>	<u>9,660.7</u>
	196,730.4	197,398.4
<b>C. Items of other comprehensive income(OCI)</b>		
Foreign currency translation reserve	(0.1)	(0.1)
Debt instruments	<u>(6.2)</u>	-
	(6.3)	(0.1)
<b>Total of Other Equity</b>	<u>196,865.3</u>	<u>197,539.5</u>

## Nature and purpose of reserves

**Capital reserve** - Capital reserve was created pursuant to the scheme of arrangement in the nature of spin off and transfer of domestic formulation undertaking of the holding company to the Group as approved by the Hon'ble High Court of Gujarat and Hon'ble High Court of Bombay.

**Debenture redemption reserve** - The Company is required to create a debenture redemption reserve out of the profits which is available for payment of dividend. This reserve will be transferred to retained earnings on redemption of debentures.

**Capital redemption reserve** - This reserve was created on redemption of preference shares and is a non distributable reserve.

**Debt instruments through other comprehensive income** - This represents the cumulative gains and losses arising on the revaluation of debt instruments measured at fair value through other comprehensive income that have been recognised in other comprehensive income.

**Equity component of compound financial instrument** - The component parts of compound financial instruments issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. financial liabilities are recognised initially at fair value net of directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

**Foreign currency translation reserve** - Exchange differences relating to the translation of the result and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e.₹) are recognised directly in the other comprehensive income and accumulated in foreign currency translation reserve. Exchange difference in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.



SUN PHARMA LABORATORIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

	As at March 31, 2018	₹ in Million As at March 31, 2017
<b>21 BORROWINGS (NON-CURRENT)</b>		
Unsecured		
Redeemable non-convertible debentures (Refer Note 46)	-	5,000.0
Liability component of compound financial instrument		
Redeemable Preference shares - from related party (Refer Note 46)	-	358.8
	<u>-</u>	<u>5,358.8</u>
<b>22 PROVISIONS (NON-CURRENT)</b>		
Employee benefits (Refer Note 44)	411.8	556.7
	<u>411.8</u>	<u>556.7</u>
<b>23 BORROWINGS (CURRENT)</b>		
Unsecured		
Loans repayable on demand	-	1,001.5
Commercial paper	13,818.3	2,982.4
	<u>13,818.3</u>	<u>3,983.9</u>
<b>24 TRADE PAYABLES</b>		
Dues to micro and small enterprises	20.2	28.0
Others	7,167.0	5,236.5
	<u>7,187.2</u>	<u>5,264.5</u>
<b>25 OTHER FINANCIAL LIABILITIES (CURRENT)</b>		
Current maturities of long-term debt (Refer Note 46)	5,000.0	5,000.0
Interest accrued	193.1	215.3
Security deposits	19.7	20.3
Payables on purchase of property, plant and equipment	373.5	499.7
Temporary overdrawn bank balance as per books	18.5	74.2
Liability Component of Compound Financial Instrument		
Redeemable Preference shares (Refer Note 46)	391.4	-
	<u>5,996.2</u>	<u>5,809.5</u>
<b>26 OTHER LIABILITIES (CURRENT)</b>		
Statutory remittances	1,354.3	438.5
Advances from customers	1,238.0	7.2
	<u>2,592.3</u>	<u>445.7</u>
<b>27 PROVISIONS (CURRENT)</b>		
Employee benefits (Refer Note 44)	245.8	223.5
Product returns (Refer Note 48)	1,895.7	1,751.5
Others (Refer Note 48)	-	387.8
	<u>2,141.5</u>	<u>2,362.8</u>

## SUN PHARMA LABORATORIES LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
<b>28 REVENUE FROM OPERATIONS</b>		
Sale of products (Refer Note 55)	52,196.2	52,873.9
Other operating revenues	1,112.6	355.0
	<u>53,308.8</u>	<u>53,228.9</u>
<b>29 OTHER INCOME</b>		
Interest Income on:		
Bank deposits at amortised cost	5.8	2.1
Loans at amortised cost	1,155.7	789.5
Investments in debt instruments	-	124.9
Other financial assets carried at amortised cost	674.5	717.4
Others	400.0	277.4
Gain on sale of financial assets measured at fair value through profit or loss	138.2	337.9
Net gain arising on financial assets measured at fair value through profit or loss	6.0	10.9
Insurance claims	135.4	20.5
Lease rental and hire charges	55.8	2.6
Miscellaneous income	6.9	3.3
	<u>2,578.3</u>	<u>2,286.5</u>
<b>30 COST OF MATERIALS CONSUMED</b>		
Raw materials and packing materials		
Inventories at the beginning of the year	2,760.3	2,192.7
Inventories acquired on acquisition	-	307.7
Purchases during the year	8,484.3	9,650.6
Inventories at the end of the year	(3,055.8)	(2,760.3)
	<u>8,188.8</u>	<u>9,390.7</u>
<b>CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS</b>		
Inventories at the beginning of the year	2,540.1	3,248.8
Inventories at the end of the year	(1,913.1)	(2,540.1)
	<u>627.0</u>	<u>708.7</u>
<b>32 EMPLOYEE BENEFIT EXPENSE</b>		
Salaries and wages	5,580.2	4,544.7
Contribution to provident and other funds * (refer note 44)	328.3	240.1
Staff welfare expense	103.4	75.9
	<u>6,011.9</u>	<u>4,860.7</u>
* includes gratuity expense of ₹ 117.9 Million (March 31, 2017 : ₹ 72.2 Million)		
<b>33 FINANCE COSTS</b>		
Interest expense for financial liabilities carried at amortised cost	1,423.2	1,470.5
Interest expense others	-	7.5
	<u>1,423.2</u>	<u>1,478.0</u>

SUN PHARMA LABORATORIES LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

₹ in Million

	Year ended March 31, 2018	Year ended March 31, 2017
<b>34 OTHER EXPENSES</b>		
Consumption of material, stores and spare parts	548.7	273.6
Conversion and other manufacturing charges	720.8	634.5
Power and fuel	456.8	300.3
Rent	56.7	40.4
Rates and taxes	73.3	13.6
Insurance	118.5	80.8
Selling and distribution	1,991.7	1,822.0
Commission on sales	43.4	44.9
Repairs and maintenance	309.4	237.3
Printing and stationery	148.4	324.5
Travelling and conveyance	1,953.9	1,959.4
Freight outward and handling charges	173.8	156.3
Communication	91.5	45.9
Allowance for doubtful debts	(10.1)	9.0
Professional, legal and consultancy	417.6	558.8
Excise duty on sales	501.6	1,610.6
Donations	200.7	4.3
Loss on sale of property, plant and equipments (net)	0.9	3.3
(Decrease) / increase of excise duty on inventories	(493.8)	46.7
Net (gain) / loss on foreign currency transactions and translations	(25.4)	(30.3)
Payments to auditors (net of taxes, where applicable)		
For audit	5.2	3.3
For other services	1.1	1.6
Reimbursement of expenses	0.1	0.1
Impairment of property, plant and equipment (Refer note 3)	-	203.6
Miscellaneous expenses	808.8	1,572.2
	<u>8,093.6</u>	<u>9,916.7</u>
<b>35 TAX RECONCILIATION</b>		
Reconciliation of Income tax expense		
Profit before tax	11,521.1	9,677.7
Enacted income tax rate in India (%)	34.608%	34.608%
Income tax expenses calculated at enacted income tax rate	3,987.2	3,349.3
Effect of expenses that are not deductible	5,344.4	5,372.6
Effect of deduction claimed under chapter VI A of Income Tax Act 1961	(9,009.3)	(8,487.2)
Effect of income that is exempt from tax	13.6	(36.9)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	21.2	4.7
Utilisation of earlier years tax losses on which no deferred tax asset was recognised	(49.9)	(135.1)
Investment allowance u/s 32AC of Income Tax Act 1961	-	(60.7)
Others	3.0	
Tax Payable under MAT	2,510.0	2,100.0
Income tax expense recognised in the consolidated statement of profit and loss	<u>2,820.2</u>	<u>2,106.7</u>

# The tax rate used for reconciliation above is the corporate tax rate of 34.608% at which the Group is liable to pay tax on taxable income under the Income Tax Law.

SUN PHARMA LABORATORIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

NOTE : 36

a List of entities included in the Consolidated Financial Statements is as under:

Name	Country of Incorporation	Proportion of ownership interest for the year ended	
		March 31, 2018	March 31, 2017
<b>Parent Company</b> Sun Pharma Laboratories Limited			
<b>Direct Subsidiaries</b>			
1 Universal Enterprises Private Limited	India	100.00%	100.00%
2 Sun Pharmaceutical Medicare Limited (Refer Note b)	India	100.00%	100.00%
<b>Name of Associates</b>			
3 Generic Solar Power LLP	India	28.76%	28.76%
4 Trumpcard Advisors and Finvest LLP (Refer Note b)	India	40.61%	40.61%
5 Sun Pharma Holdings (Refer Note d)	Mauritius	0.01%	0.01%

b Incorporated / Acquired during the year ended March 31, 2017.

c Disclosures mandated by the Companies Act, 2013 Schedule III Part II by way of additional information is given in Annexure B.

d Proportion of Ownership Interest does not include ownership interest held by the Company through Optionally Convertible Preference Shares issued by Sun Pharma Holdings

NOTE : 37

A CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
<b>I Contingent liabilities</b>		
Liabilities disputed - appeals filed with respect to :		
Income tax	12,164.2	10,686.8
Excise duty	1,235.4	3,643.8
Environment cess	23.3	23.3
Note : Includes, interest till the date of demand, wherever applicable.		
Footnote: Future cash outflows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
<b>ii Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account [net of advances].	1,220.9	502.7
Letters of credit for imports	147.8	4.2
<b>B Guarantees given by the bankers on behalf of the Group (Refer Note 54)</b>	<b>330.6</b>	<b>251.2</b>

NOTE : 38

CATEGORIES OF FINANCIAL INSTRUMENTS AND FAIR VALUE HIERARCHY

₹ in Million

Particulars	As at March 31, 2018		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
<b>Financial Assets</b>			
<b>Investments</b>			
In Mutual funds	4,756.5	-	-
In Debentures/Bonds	-	645.3	-
Trade Receivables	-	-	9,049.8
Cash and cash equivalents	-	-	20.5
Bank balances other than above	-	-	20.5
Loans to employees / other parties	-	-	3,057.7
Loans to related parties	-	-	6,049.7
<b>Other Financial Assets</b>			
Interest accrued	-	-	20.6
Security Deposits	-	-	170.1
Refund Due from Government Authorities	-	-	2,079.4
<b>Financial Liabilities</b>			
<b>Borrowings</b>			
Trade Payables	-	-	19,209.7
Interest accrued	-	-	7,187.2
Security deposits	-	-	193.1
Payables on purchase of property, plant and equipment	-	-	19.7
Temporary overdrawn bank balance as per books	-	-	373.5
	-	-	18.5
<b>Particulars</b>	<b>As at March 31, 2017</b>		
	<b>Fair value through profit or loss</b>	<b>Fair value through other comprehensive income</b>	<b>Amortised cost</b>
<b>Financial Assets</b>			
<b>Investments</b>			
In Mutual funds	1,675.5	-	-
In Debentures/Bonds	-	654.8	-
Trade Receivables	-	-	5,926.7
Cash and cash equivalents	-	-	33.3
Bank balances other than above	-	-	26.2
Loans to employees / other parties	-	-	9,588.1
<b>Other Financial Assets</b>			
Bank deposits with more than 12 months maturity	-	-	4.9
Interest accrued	-	-	20.6
Security Deposits	-	-	150.8
Insurance claim receivables	-	-	11.7
<b>Financial Liabilities</b>			
<b>Borrowings</b>			
Trade Payables	-	-	14,342.7
Interest accrued	-	-	5,264.5
Security deposits	-	-	215.3
Payables on purchase of property, plant and equipment	-	-	20.3
Temporary overdrawn bank balance as per books	-	-	499.7
	-	-	74.2

Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period	₹ in Million		
	As at March 31, 2018		
	Level 1	Level 2	Level 3
Financial Assets			
Investments			
In Mutual funds	4,756.5	-	-
In Debentures/Bonds	645.3	-	-

Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period	₹ in Million		
	As at March 31, 2017		
	Level 1	Level 2	Level 3
Financial Assets			
Investments			
In Mutual funds	1,675.5	-	-
In Debentures/Bonds	654.8	-	-

Level 1: Level 1 hierarchy includes financial instruments measured using quoted prices. This includes traded bonds and mutual funds that have quoted price. The fair value of all bonds which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in level 3.

There were no transfers between Level 1 and 2 in the period.

The management considers that the carrying amount of Current financial assets and current financial liabilities carried as amortised cost approximates their fair value.

NOTE : 39

CAPITAL MANAGEMENT

The Group's capital management objectives are:

- to ensure the Group's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Group monitors capital on the basis of the carrying amount of debt less cash and cash equivalents, bank balances, current investment, bank deposits maturity more than 12 months as presented on the face of the financial statements. The Group's objective for capital management is to maintain an optimum overall financial structure.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2018.

(i) Debt equity ratio	₹ in Million	
	As at March 31, 2018	As at March 31, 2017
Debt (includes non-current, current borrowings and current maturities of long term debt)	19,209.7	14,342.7
Less : Cash and cash equivalents	20.5	33.3
Less : Bank balances	20.5	26.2
Less : Current investments	4,756.5	1,675.5
Less : Bank deposits maturity more than 12 months	-	4.9
Net debt	14,412.2	12,602.8
Total equity (excluding capital reserve)	11,211.5	11,885.7
Net debt to equity ratio	1.3	1.1

(ii) Dividend on equity shares paid during the year	₹ in Million	
	For the year March 31, 2018	For the year March 31, 2017
Dividend on equity shares		
Final dividend for the year ended March 31, 2017 ₹ 40,000 (previous year for year March 31, 2016 ₹ 40,000) per fully paid equity share. Interim dividend for the half year ended September 30, 2017 of ₹ 117,500 (previous year for year March 31, 2016 ₹ Nil) per fully paid equity share	7,875.0	2,000.0
Dividend distribution tax on above	1,603.2	407.2
Dividends not recognised at the end of the reporting period		
The Board of Directors at its meeting held on May 24, 2018 have recommended payment of final dividend of ₹ 95,000 per equity share of face value of ₹ 10 each subject to approval of the member at ensuing Annual General Meeting. The Final dividend is in addition to payment of interim dividend of ₹ 117,500 per equity share of ₹ 10 each for financial year 2017-18.		
This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting and hence not recognised as liability.		

(iii) Dividend on Preference shares paid during the year	₹ in Million	
	For the year March 31, 2018	For the year March 31, 2017
Dividend on Preference shares		
Final dividend for the year ended March 31, 2017 and interim dividend for the half year ended September 30, 2017 of ₹ 10 (previous year for year ended March 31, 2016 ₹ 10) per fully paid preference share	80.0	40.0
Dividend distribution tax on above	16.2	8.1
The Group has made payment of preference dividend of ₹ 10 per preference share of ₹ 100 each during the year, which is treated as final dividend		

NOTE : 40  
FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Group's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Group's activities.

**Credit risk**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Group grants credit terms in the normal course of business.

**Trade receivables**

The Group has used expected credit loss (ECL) model for assessing the impairment loss. For the purpose, the Group uses a provision matrix to compute the expected credit loss amount. The provision matrix takes into account external and internal risk factors and historical data of credit losses from various customers.

**Investments**

The Group limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Group does not expect any losses from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Particulars	₹ in Million	
	As at March 31, 2018	As at March 31, 2017
Financial assets for which loss allowances is measured using the expected credit loss		
Trade receivables		
less than 180 days	8,486.7	5,912.8
180 - 365 days	534.6	18.8
beyond 365 days	164.5	143.2
<b>Total</b>	<b>9,187.8</b>	<b>6,074.8</b>

Particulars	₹ in Million	
	Year ended March 31, 2018	Year ended March 31, 2017
Movement in the expected credit loss allowance on trade receivables		
Balance at the beginning of the year	148.1	139.1
Addition	1.0	9.0
(Reversal)	(11.1)	-
Balance at the end of the year	138.0	148.1

Other than Trade receivables, the Group has no Significant class of financial assets that are past due but not impaired.

**Liquidity risk**

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they become due. The Group manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Group's reputation.

The table below provides details regarding the contractual maturities of significant undiscounted financial liabilities :

Particulars	₹ in Million			
	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2018
Non derivative				
Preference share capital	400.0	-	-	400.0
Other borrowings*	19,000.0	-	-	19,000.0
Trade payables	7,187.1	-	-	7,187.1
Other financial liabilities	604.8	-	-	604.8
	<b>27,191.9</b>	<b>-</b>	<b>-</b>	<b>27,191.9</b>

\* Includes ₹ 5,000.0 Million as at March 31, 2018 disclosed as current maturities of long term debt grouped in 'other financial liabilities' in the financial statements.

Particulars	₹ in Million			
	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2017
Non derivative				
Preference share capital	-	400.0	-	400.0
Other borrowings*	9,001.5	5,000.0	-	14,001.5
Trade payables	5,264.5	-	-	5,264.5
Other financial liabilities	809.5	-	-	809.5
	<b>15,075.5</b>	<b>5,400.0</b>	<b>-</b>	<b>20,475.5</b>

\* Includes ₹ 5,000.0 Million as at March 31, 2017, disclosed as current maturities of long term debt grouped in 'other financial liabilities' in the financial statements.

**Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short term and long-term debt. The Group is exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Group's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

**Foreign exchange risk**

The Group's foreign exchange risk arises mainly from its foreign currency revenues and expenses, (primarily in US Dollars (USD), Euros (EUR) and Israeli New Shekel (ILS)). As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, the Group's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future.

a) The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

Particulars	₹ in Million				Total
	USD	EUR	ILS	Others	
Financial liabilities					
Trade payables	626.8	135.5	1.9	16.5	780.8
Financial assets					
Trade receivables	-	2.4	-	2.0	4.4
	<b>626.8</b>	<b>137.9</b>	<b>1.9</b>	<b>18.6</b>	<b>785.2</b>

  

Particulars	₹ in Million				Total
	USD	EUR	ILS	Others	
Financial liabilities					
Trade payables	203.2	23.0	5.4	1.4	233.0
	<b>203.2</b>	<b>23.0</b>	<b>5.4</b>	<b>1.4</b>	<b>233.0</b>

b) Sensitivity

For the years ended March 31, 2018 and March 31, 2017, every 5% strengthening in the exchange rate between the Indian Rupee and the respective major currencies for the above mentioned financial assets/liabilities would decrease Group's profit and equity by approximately ₹ 38.8 Million, ₹ 11.7 Million respectively. A 5% weakening of the Indian Rupee and the respective major currencies would lead to an equal but opposite effect. In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.



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**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. However, the Group has minimal exposure to the risk of changes in market interest rates. Primarily the Group's debt obligation is with fixed interest rates. As at the balance sheet date, the Group has not entered into any such derivatives contracts.

**Commodity rate risk**

Exposure to market risk with respect to commodity prices primarily arises from the Group's purchases and sales of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Group's raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Group's active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Group's cost of revenues. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. As of March 31, 2018, the Group had not entered into any material derivative contracts to hedge exposure to fluctuations in commodity prices.

**NOTE : 41**

**GOODWILL:**

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill has been allocated as follows:

i) Goodwill in respect of:	₹ in Million	
	As at March 31, 2018	As at March 31, 2017
Sun Pharmaceutical Medicare Limited	1.0	1.0
<b>Total</b>	<b>1.0</b>	<b>1.0</b>

  

ii) Below is the reconciliation of the carrying amount of goodwill:	₹ in Million	
	As at March 31, 2018	As at March 31, 2017
Opening balance	1.0	-
Add: Due to acquisitions during the year	-	1.0
<b>Closing balance</b>	<b>1.0</b>	<b>1.0</b>

**NOTE : 42**

**DISCLOSURES RELATING TO SHARE CAPITAL**

**A. Right, Preference and restrictions attached to shares and repayment of capital**

The Parent Company has two classes of shares referred to as equity shares having a par value of ₹ 10 per share and 10% Redeemable Non cumulative Preference Shares having par value of ₹ 100 per share. Each holder of equity shares is entitled to one vote per share. Holder of Preference shares are not entitled to any voting rights but enjoy preferential rights in respect of payments of dividend, if any, and repayment of capital, if any. The Preference Shares shall be redeemed at par, at the end of five years from the date of allotment.

**B. EQUITY SHARE CAPITAL**

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period				
Opening balance carried over as closing balance	50,000	0.5	50,000	0.5

  

Details of shareholders holding more than 5% in the Company	As at March 31, 2018		As at March 31, 2017	
	No. of shares held	% of holding	No. of shares held	% of holding
Sun Pharmaceutical Industries Limited (Holding and Ultimate Holding Company)	50,000	100%	50,000	100%

No equity shares have been issued as bonus, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date.

**C. PREFERENCE SHARE CAPITAL \***

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	₹ in Million	No. of shares	₹ in Million
Authorised Share Capital				
Redeemable Preference Shares of ₹ 100 each	4,000,000	400.0	4,000,000	400.0
Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period				
Opening balance carried over as closing balance	4,000,000	400.0	4,000,000	400.0

  

Details of shareholders holding more than 5% in the Company	As at March 31, 2018		As at March 31, 2017	
	No. of shares held	% of holding	No. of shares held	% of holding
Sun Pharmaceutical Industries Limited (Holding and Ultimate Holding Company)	4,000,000	100%	4,000,000	100%

\* 10% Non-Convertible, Non-Cumulative Redeemable Preference Shares

40,00,000 (upto March 31, 2017: 40,00,000) 10% Non-Convertible, Non-Cumulative Redeemable Preference Shares of ₹ 100 each have been allotted, pursuant to scheme of amalgamation, without payment being received in cash during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

**NOTE : 43**

**EARNINGS PER SHARE**

Particulars	₹ in Million	
	Year ended March 31, 2018	Year ended March 31, 2017
Numerator used for calculating basic and diluted earnings per share (₹ in Million)		
Profit for the year (₹ in Million)	8,833.6	7,573.5
Less: Preference dividend and dividend tax (₹ in Million)	96.3	48.1
Profit for the year (₹ in Million) - used as numerator for calculating basic and diluted earnings per share	8,737.3	7,525.4
Weighted average number of shares used in computing basic and diluted earnings per share	50,000	50,000
Nominal value per share (in ₹)	10	10
<b>Basic and Diluted earnings per share (in ₹)</b>	<b>174,746</b>	<b>150,508</b>

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

NOTE : 44

EMPLOYEE BENEFIT

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Scheme (ESIC) and other Funds which covers all regular employees. While both the employees and the Group make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund and other Statutory Funds are made only by the Group. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 208.3 Million (Previous year ₹ 165.1 Million)

Particulars	₹ in Million	
	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to Provident Fund and Family Pension Fund	196.3	161.5
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	11.7	3.5
Contribution to Labour Welfare Fund	0.3	0.1

Defined benefit plan

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for Gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the parent company and Indian subsidiaries reviews the level of funding in gratuity fund. The parent Company and Indian subsidiaries decides its contribution based on the results of its annual review. The parent Company and Indian subsidiaries aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

- i) Investment risk - The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the market yields on government bonds denominated in Indian Rupees. If the actual return on plan asset is below this rate, it will create a plan deficit. However, the risk is partially mitigated by investment in LIC managed fund.
- ii) Interest rate risk - A decrease in the bond interest rate will increase the plan liability. However, this will be partially offset by an increase in the return on the plan's debt investments.
- iii) Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- iv) Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Other long term benefit plan

Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Group rules with corresponding charge to the Consolidated Statement of Profit and Loss amounting to ₹ 27.3 Million (Previous Year ₹ 168.3 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined as at the year end using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in other comprehensive income whereas gains and losses in respect of other long term employee benefit plans are recognised in the Consolidated Statement of Profit and Loss.

Particulars	₹ in Million	
	Year ended March 31, 2018	Year ended March 31, 2017
	Gratuity (Funded)	Gratuity (Funded)
<b>Expense recognised in the consolidated statement of profit and loss (Refer Note 32)</b>		
Current service cost	93.2	63.2
Interest cost	54.4	40.8
Expected return on plan assets	(29.7)	(31.8)
Expense charged to the consolidated statement of profit and loss	117.9	72.2
<b>Remeasurement of defined benefit obligation recognised in other comprehensive income</b>		
Actuarial loss on defined benefit obligation	(113.6)	164.2
Actuarial gain on plan assets	(4.5)	(0.6)
Expense/(income) charged to other comprehensive income	(118.1)	163.6
<b>Reconciliation of defined-benefit obligations</b>		
Obligation as at the beginning of the year	797.0	539.4
Current service cost	93.2	63.2
Interest cost	54.4	40.8
Liability transferred in / Acquisitions	-	19.6
Benefits paid	(32.1)	(30.2)
Actuarial Gains on obligations		
- due to change in demographic assumptions	(46.7)	(45.4)
- due to change in financial assumptions	(169.1)	224.7
- due to experience	102.2	(15.1)
Obligation as at the year end	798.9	797.0

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₹ in Million

Particulars	As at March 31, 2018	As at March 31, 2017
	Gratuity (Funded)	Gratuity (Funded)
<b>Reconciliation of liability/(asset) recognised in the Consolidated Balance sheet</b>		
Present value of commitments (as per Actuarial Valuation)	798.9	797.0
Fair value of plan assets	(518.4)	(433.8)
Net liability recognised in the Consolidated Balance sheet	280.5	363.2
<b>Reconciliation of plan assets</b>		
Plan assets as at the beginning of the year	433.8	403.2
Expected return	29.7	31.8
Actuarial gain	4.5	0.6
Employer's Contribution during the year	82.5	12.0
Assets transferred in / Acquisitions	-	16.4
Benefits paid	(32.1)	(30.2)
Plan assets as at the year end	518.4	433.8

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Gratuity (Funded)	Gratuity (Funded)
Discount rate	7.50%	In the range of 6.81% to 7.74%
Expected return on plan assets	7.50%	In the range of 6.81% to 7.74%
Expected rate of salary increase	11.65%	In the range of 7.00% to 14.50%
Interest rate guarantee	N.A.	N.A.
Mortality	Indian Assured Lives Morality (2006-08)	Indian Assured Lives Morality (2006-08)
Attrition rate	15%	In the range of 1.00% to 13.50%
Retirement Age (years)	60	58 to 60

₹ in Million

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
	Gratuity (Funded)	Gratuity (Funded)
<b>Sensitivity Analysis:</b>		
Impact on defined benefit obligation		
Delta effect of +1% change in discount rate	(42.1)	(58.8)
Delta effect of -1% change in discount rate	47.2	68.1
Delta effect of +1% change in salary escalation rate	45.0	62.9
Delta effect of -1% change in salary escalation rate	(41.0)	(55.7)
Delta effect of +1% change in rate of employee turnover	(11.6)	(26.7)
Delta effect of -1% change in rate of employee turnover	12.9	30.6
<b>Maturity analysis of projected benefit obligation</b>		
31-Mar-19	99.0	65.4
31-Mar-20	97.5	66.4
31-Mar-21	92.5	71.9
31-Mar-22	93.5	69.1
31-Mar-23	81.1	72.2
Thereafter	355.2	324.5
The major categories of plan assets are as under :		
Insurer managed funds (Funded with LIC, break-up not available)	518.4	433.8
The contribution expected to be made by the group for gratuity, during financial year ending on March 31, 2019 is ₹ 143.0 Million (Previous Year ₹ 114.7 Million)		

**NOTE : 45**  
**LEASES**

- a The Group has obtained certain premises for its business operations (including furniture and fittings therein, as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and license or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Group has given refundable interest free security deposits where applicable in accordance with the agreed terms.
- b Lease payments are recognised in the consolidated Statement of Profit and Loss under "Rent" in Note 34

**NOTE : 46**  
**BORROWINGS**

Details of current maturities of long term debt (Included under other current financial liabilities)

- i ₹ 10,000.0 Million Rated unsecured listed redeemable non-convertible debentures at a coupon rate of 7.94% p.a. were issued by the Group on December 23, 2015. Following are the details:

Particulars	Face Value (₹)	Redemption Amount (₹ in Million)	Date of Redemption
Rated Unsecured Listed Redeemable 5,000 Non-Convertible Debentures Series 2 (included in current maturities of long-term debt as at March 31, 2018)	1,000,000	5,000.0	March 22, 2019
Rated Unsecured Listed Redeemable 5,000 Non-Convertible Debentures Series 1 (Redeemed during the year)	1,000,000	5,000.0	December 22, 2017

- ii 10% Non-convertible, Non-cumulative redeemable preference shares of ₹ 100 each were issued by the Group on August 10, 2013 (Redeemable at par on August 09, 2018). Following are the details.

Particulars	₹ in Million	
	As at March 31, 2018	As at March 31, 2017
10% Non-convertible, Non-cumulative redeemable preference shares		
Classified in following two categories		
Equity component of compound financial instrument	141.2	141.2
Liability Component of Compound Financial Instrument (included in current maturities of long-term debt as at March 31, 2018)	391.4	358.8

- iii The Group does not defaulted on repayment of any loan and interest payment during the year

**NOTE : 47**

- a RELATED PARTY DISCLOSURES AS PER ANNEXURE "A"

- b LOANS GIVEN TO RELATED PARTIES

Particulars	₹ in Million			
	As at March 31, 2018	Maximum balance March 31, 2018	As at March 31, 2017	Maximum balance March 31, 2017
Loans outstanding from Holding Company* Sun Pharmaceutical Industries Limited	6,049.7	15,613.5	-	-
	6,049.7	15,613.5	-	-

- \* Includes interest accrued on loan amounting to ₹ 582.7 Million in March 31, 2018 and ₹ Nil in March 31, 2017.

These loans have been granted to the above entities for the purpose of its business.

**NOTE : 48**

In respect of any present obligation as a result of past event that could lead to a probable outflow of resources, provisions has been made, which would be required to settle the obligation. The said provisions are made as per the best estimate of the management and disclosure as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent Assets" has been given below :

Particulars	₹ in Million	
	As at March 31, 2018	As at March 31, 2017
	Product and Sales related *	Product and Sales related *
At the commencement of the year	2,139.3	1,604.9
Add: Provision for the year	968.1	1,315.4
Less: Utilisation / Settlement	(1,211.7)	(781.0)
At the end of the year	1,895.7	2,139.3

(\* includes provision for product returns

Refer note: 2.2(n)

NOTE : 49

DEFERRED TAX LIABILITIES (NET)				
₹ in Million				
Particulars	Balance as at April 01, 2017	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Balance as at March 31, 2018
Deferred tax (liabilities) in relation to: Difference between written down value of property plant and equipment and capital work in progress as per books of accounts and Income Tax Act 1961.	(511.8)	(328.4)	-	(840.2)
<b>Total Deferred tax (liabilities)</b>	<b>(511.8)</b>	<b>(328.4)</b>	<b>-</b>	<b>(840.2)</b>
Deferred tax assets in relation to:				
Allowance for doubtful debts	51.2	(3.0)	-	48.2
Expenses claimed for tax purpose on payment basis	243.5	6.4	(45.3)	204.6
Others	10.0	14.8	3.3	28.1
<b>Total Deferred tax Assets</b>	<b>304.7</b>	<b>18.2</b>	<b>(42.0)</b>	<b>280.9</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>(207.1)</b>	<b>(310.2)</b>	<b>(42.0)</b>	<b>(559.3)</b>

DEFERRED TAX LIABILITIES (NET)				
₹ in Million				
Particulars	Balance as at April 01, 2016	Recognised in the statement of profit and loss	Recognised in other comprehensive income	Balance as at March 31, 2017
Deferred tax (liabilities) in relation to: Difference between written down value of property plant and equipment and capital work in progress as per books of accounts and Income Tax Act 1961	(431.7)	(80.1)	-	(511.8)
<b>Total Deferred tax (liabilities)</b>	<b>(431.7)</b>	<b>(80.1)</b>	<b>-</b>	<b>(511.8)</b>
Deferred tax assets in relation to:				
Allowance for doubtful debts	48.1	3.1	-	51.2
Expenses claimed for tax purpose on payment basis	126.6	60.3	56.6	243.5
Others	-	10.0	-	10.0
<b>Total Deferred tax Assets</b>	<b>174.7</b>	<b>73.4</b>	<b>56.6</b>	<b>304.7</b>
<b>Deferred Tax Liabilities (Net)</b>	<b>(257.0)</b>	<b>(6.7)</b>	<b>56.6</b>	<b>(207.1)</b>

Unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :	₹ in Million	
	As at March 31, 2018	As at March 31, 2017
Tax losses (Capital in nature)	1,191.8	1,330.0
Tax losses	-	13.5
Unabsorbed depreciation	72.6	-
Unused tax credit (MAT credit entitlement)	4,610.0	2,100.0
	<b>5,874.4</b>	<b>3,443.5</b>

The unused tax credit will expire in financial year 2032-33 and unused tax losses will expire from financial year 2021-22 to 2023-24

NOTE : 50

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof: ₹ 182.6 Million (Previous year ₹ 71.9 Million) included in other expenses.

Details of CSR expenditure:

a) Gross amount required to be spent by the Company during the year 2017-18 ₹ 149.4 million (Previous year ₹ 107.7 million)

Particulars	₹ in Million		
	In cash	Yet to be paid in cash	Total
b) Amount spent during the year ending on March 31, 2018:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	182.6	-	182.6
b) Amount spent during the year ending on March 31, 2017:			
i) Construction/acquisition of any asset	-	-	-
ii) On purposes other than (i) above	71.9	-	71.9

NOTE : 51

The Group does not have any material associates warranting a disclosure in respect of individual associates. The Group's share of other comprehensive income is ₹ Nil (March 31, 2017: ₹ Nil) in respect of such associates.

NOTE : 52

Pursuant to the declaration executed by the Parent Company ('Donor') in favour of an entity controlled by Trumpcard Advisors and Finvest LLP (Associate of the Parent Company), namely Vintage Power Generation LLP ('Donee') on March 31, 2017, the power undertaking of the Donor located at Kukshi, Madhya Pradesh has been gifted to the Donee. Accordingly, on and with effect from the close of business hours on March 31, 2017, all the assets, movable and immovable, tangible and intangible, along with the liabilities pertaining to the said power undertaking stand transferred to and vested in the Donee as a going concern without consideration. Accordingly, the value of power undertaking gifted to the Donee has been added to the cost of investment of the Parent Company in the said Associate.

NOTE : 53

The Group holds intangible assets of the Domestic Formulation undertaking transferred to the Group on and with effect from the close of business hours on March 31, 2012, pursuant to the scheme of arrangement approved by the Hon'ble High Courts, in the nature of spin off and transfer of the said undertaking without consideration by Sun Pharmaceutical Industries Limited, the Holding Company are accounted at Fair Value on the basis of an Independent Professional Valuer's report. The carrying value and remaining amortisation period of such assets is ₹ 91,396.0 Million (As at March 31, 2017 ₹ 106,628.9 Million) and 6 years (As at March 31, 2017 7 years) respectively. The amortisation of intangible assets over 12 years is arrived at based on the management's best estimates of useful lives of such assets after due consideration as regards their expected usage, the product life cycles, technical and technological obsolescence, market demand for products, competition and their expected future benefits to the Group.

NOTE : 54

Deposits with banks are pledged with banks against Bank Guarantees.

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NOTE : 55

Sale of goods includes excise duty collected from customers of ₹ 501.6 million (March 31, 2017: ₹ 1,610.6 million). Sale of goods net of excise duty is ₹ 51,694.6 million (March 31, 2017: ₹ 51,263.3 million). Revenue from operations for periods up to June 30, 2017 includes excise duty. From July 1, 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The group collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations year ended March 31, 2018 is not comparable March 31, 2017.

NOTE : 56

In Compliance with IND AS 20 on Government Grants, the amount of budgetary support under Goods and Service Tax, GST Refunds, to be received from the Government of India amounting to ₹ 879.1 million in relation to the existing eligible units under the different Industrial Promotion Scheme have been recognised as "Other Operating Income". In past periods these credits were netted off from the excise cost reported in the Consolidated Statement of Profit and Loss.

NOTE : 57

USE OF ESTIMATES AND JUDGMENTS

The preparation of the Group's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

1 Useful lives of property, plant and equipment and intangible assets [Refer Note 2.2 (f)]

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Group's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

2 Assets and obligations relating to employee benefits [Refer Note 2.2 (q)]

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

3 Tax expense [Refer Note 2.2 (s)]

Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA can not be recognised on want of probable taxable profits.

4 Provisions [Refer Note 2.2 (n)]

Provision for sales return are recognised based on the past trend which is based on the average percentage return on sale of goods. Any changes in these estimate will impact upon the provision

5 Write down in value of inventories (Refer Note 11)

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. Any changes in these estimates will impact upon the write down value of inventories

6 Contingencies (Refer Note 37)

The Group has been advised by its legal counsel the probability of out flow of resources based on this the contingent liability has been recognised. Any change in the estimated probability will impact upon the contingency liability.

NOTE : 58

Changes in Liabilities arising from financing activities

Particulars	As at March 31, 2017	Cash Flows	Non-cash changes			₹ in Million
			Acquisition / Foreign Exchange Movement	Fair Value Changes	Others	As at March 31, 2018
Non-current liabilities						
Borrowings	5,358.8	-	-	-	(5,358.8)	-
Current liabilities						
Borrowings	3,983.9	9,222.8	-	-	611.6	13,818.3
Other financial liabilities	5,215.3	(5,798.9)	-	33.0	6,135.1	5,584.5
Dividend (including corporate dividend tax)	-	(9,574.4)	-	-	9,574.4	-

NOTE : 59

SEGMENT REPORTING

The Group has only one reportable segment namely "Pharmaceuticals".

The Chief Operating Decision Maker ("CODM") evaluates the Group's performance and allocates resources based on an analysis of various performance indicators by reportable segment.

Concentration of revenues from one of the customer of the Group was substantial for the year ended March 31, 2018 and for the year ended March 31, 2017. The said customer also represented substantial portion of the trade receivables as at March 31, 2018 and as at March 31, 2017.

As per our report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm registration no. 324982E/E300003

For and on behalf of the Board of Directors of  
Sun Pharma Laboratories Limited

C. S. MURALIDHARAN  
Chief Financial Officer

SUDHIR V. VALIA  
Director

per RAVI BANSAL  
Partner  
Membership No. 49365  
Mumbai, May 24, 2018

RACHANA N. KOKAL  
Company Secretary

SAILESH T. DESAI  
Director

KALYANASUNDARAM SUBRAMANIAN  
Whole time Director & CEO  
Mumbai, May 24, 2018



SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Ind AS- 24 - " RELATED PARTY DISCLOSURES "

ANNEXURE "A"

(I) Names of related parties and description of relationships

1 Holding Company

Sun Pharmaceutical Industries Limited

2 Fellow Subsidiaries

Sun Pharmaceutical Industries Inc

Aditya Acquisition Company Limited

Neetnav Real Estate Private Limited

Ranbaxy (Thailand) Co., Ltd

Taro Pharmaceutical Industries Ltd.(TARO)

Sun Pharma Medisales Private Limited (Refer Footnote 5)

Sun Pharmaceutical Industries (Europe) B.V.

Zenotech Laboratories Limited (w.e.f. July 27, 2017)

Sun Pharma ANZ Pty Ltd

Foundation for Disease Elimination and Control of India

3 Associates

Trumpcard Advisors and Finvest LLP (Refer Footnote 1 and 2)

Vintage Power Generation LLP (subsidiary of Trumpcard Advisors and Finvest LLP)

4 Key Management Personnel

Abhay A Gandhi (Refer Footnote 4)

Sudhir V. Valia

Sailesh T. Desai

Kalyansundaram Iyer Natesan Subramanian (Refer Footnote 3)

Whole-Time Director and Chief Executive Officer

Non-Executive Director

Non-Executive Director

Whole-Time Director and Chief Executive Officer

Non-Executive Director

S. Mohanchand Dadha

Rekha Sethi

Naresh Chand Singhal

5 Others

Makov Associates Ltd.

Shantilal Shanghvi Foundation

Alfa Infraprop Pvt. Ltd.

Sidmak Laboratories India Private Limited

Aditya Medisales Limited

Ramdev Chemicals Private Limited

Sholapur Organics Private Limited

Sun Pharma Advanced Research Company Limited

United Medisales Private Limited

Virtuous Finance Private Limited

Footnote

1 Incorporated / Acquired during the Previous year.

2 Investment in Trumpcard Advisors and Finvest LLP with effect from March 31, 2017.

3 Mr. Kalyansundaram Iyer Natesan Subramanian appointed as whole-time Director with effect from February 13, 2017.

4 Mr. Abhay A Gandhi was whole-time Director upto November 10, 2016.

5 During the year 2016-17, Sotrex Pharmaceuticals Company, a partnership firm has been converted into company which is known as Sun Pharma Medisales Private Limited. Sun Pharma Medisales Private Limited has been amalgamated with Sun Pharmaceutical Industries Limited with effect from April 01, 2017 with order effective from September 06, 2017.

## (II) Detail of related party transaction during the year ended March 31, 2018:

Type of Transaction	₹ in Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Purchase of goods</b>	<b>1,896.3</b>	<b>2,322.5</b>
Holding Company	1,737.4	2,322.5
Others (March 31, 2017 ₹ 5,228)	158.8	0.0
<b>Purchase of Property, Plant and Equipment</b>	<b>22.5</b>	<b>17.5</b>
Holding Company	21.5	17.5
Others	1.0	-
<b>Sale of goods</b>	<b>51,415.3</b>	<b>577.6</b>
Holding Company	1,408.5	577.6
Fellow Subsidiaries	5.3	-
Others (March 31, 2017 ₹ 33,278)	50,001.5	0.0
<b>Sale of Property, Plant and Equipment</b>	<b>37.5</b>	<b>283.8</b>
Holding Company	36.2	283.8
Fellow Subsidiaries	1.3	-
<b>Receiving of Service</b>	<b>732.8</b>	<b>865.0</b>
Holding Company	317.8	423.0
Fellow Subsidiaries	28.2	35.1
Others	386.8	406.9
<b>Reimbursement of Expenses Paid</b>	<b>85.8</b>	<b>51.2</b>
Fellow Subsidiaries	79.5	42.1
Holding Company	4.8	9.1
Others	1.5	-
<b>Rendering of Service</b>	<b>208.2</b>	<b>269.2</b>
Holding Company	208.2	269.2
<b>Reimbursement of Expenses Received</b>	<b>1.6</b>	<b>2.6</b>
Holding Company	0.3	2.6
Others	1.3	-
<b>Finance (including investment and equity contributions)</b>	<b>0.0</b>	<b>312.5</b>
Associates (March 31, 2018 ₹ 30,610)	0.0	312.5
<b>Loans / Deposit given</b>	<b>34,422.1</b>	<b>9,200.0</b>
Holding Company	28,122.1	9,200.0
Others	6,300.0	-
<b>Loans received back</b>	<b>32,567.5</b>	<b>17,220.0</b>
Holding Company	22,655.1	17,220.0
Others	9,912.4	-
<b>Purchase of Investment</b>	<b>12,384.4</b>	<b>32,318.4</b>
Holding Company	12,384.4	32,318.4
<b>Interest Income</b>	<b>1,453.4</b>	<b>116.4</b>
Holding Company	647.4	116.4
Others	806.0	-
<b>Rent Income</b>	<b>42.0</b>	<b>-</b>
Others	42.0	-
<b>Receipts on account of assets given under finance lease</b>	<b>-</b>	<b>46.8</b>
Others	-	46.8
<b>Commission on consignment sales</b>	<b>5.0</b>	<b>-</b>
Holding Company	5.0	-
<b>Rent expense</b>	<b>25.1</b>	<b>20.0</b>
Fellow Subsidiaries	0.7	0.7
Holding Company	17.6	19.3
Others	6.8	-
<b>Corporate Social Responsibility expenses</b>	<b>62.8</b>	<b>52.1</b>
Fellow Subsidiaries	42.8	-
Others	20.0	52.1
<b>Remuneration</b>	<b>54.6</b>	<b>49.1</b>
Key Management Personnel	54.6	49.1

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Balance Outstanding as at the end of the year		₹ in Million	
Particulars	As at March 31, 2018	As at March 31, 2017	
<b>Receivables</b>	<b>8,323.4</b>	<b>268.3</b>	
Holding Company	-	268.3	
Fellow Subsidiaries	6.1	-	
Others	8,317.3	-	
<b>Payable</b>	<b>2,825.3</b>	<b>1,152.6</b>	
Fellow Subsidiaries	91.4	45.2	
Holding Company	2,568.7	1,007.4	
Key management personnel	2.8	7.5	
Others	162.4	92.5	
<b>Loan Given</b>	<b>6,049.7</b>	<b>-</b>	
Holding Company	6,049.7	-	
<b>Deposit Given</b>	<b>88.1</b>	<b>87.6</b>	
Holding Company	0.1	0.1	
Fellow Subsidiaries	87.5	87.5	
Others	0.5	-	

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to key management personnel of company.

SUN PHARMA LABORATORIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Annexure B

Disclosure of additional information pertaining to the Parent Company, subsidiaries and associates as per Schedule III of Companies Act, 2013:

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)	Share in other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)		
	As at March 31, 2017	2016-17		2016-17	2016-17			
	As % of consolidated net assets	₹ In Million	As % of consolidated profit or (loss)	₹ In Million	As % of consolidated OCI	₹ In Million		
Parent Entity - Sun Pharma Laboratories Limited	100.0	197,557.8	100.1	7,584.3	99.9	(107.0)	100.1	7,477.3
Subsidiaries								
Indian								
1 Universal Enterprise Private Limited	0.0	5.3	0.0	* 0.0	-	-	0.0	* 0.0
2 Sun Pharmaceutical Medicare Limited	(0.0)	(11.0)	(0.2)	(13.5)	-	-	(0.2)	(13.5)
Associates (Investment as per the equity method)								
India								
1 Generic Solar Power LLP	-	-	-	-	-	-	-	-
2 Trumpcard Advisors and Finvest LLP	-	-	-	-	-	-	-	-
Foreign								
1 Sun Pharma Holdings	-	-	0.0	2.5	-	-	0.0	2.5
Intercompany Elimination and Consolidation Adjustments	(0.0)	(12.1)	0.0	0.2	0.1	(0.1)	0.0	0.1
Total	100.0	197,540.0	100.0	7,573.5	100.0	(107.1)	100.0	7,466.4

(\*) ₹ 1,315

The above amount / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries and associates are determined based on the amount of the respective entities included in consolidated financial statement before inter-company eliminations / consolidation adjustments.

SUN PHARMA LABORATORIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Annexure B

Disclosure of additional information pertaining to the Parent Company, subsidiaries and associates as per Schedule III of Companies Act, 2013:

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other Comprehensive Income (OCI)		Share in Total Comprehensive Income (TCI)	
	As at March 31, 2018		2017-18		2017-18		2017-18	
	As % of consolidated net assets	₹ In Million	As % of consolidated profit or (loss)	₹ In Million	As % of consolidated OCI	₹ In Million	As % of consolidated (TCI)	₹ In Million
Parent Entity - Sun Pharma Laboratories Limited	100.0	196,823.7	99.2	8,762.2	117.3	78.1	99.3	8,840.3
<b>Subsidiaries</b>								
Indian								
1 Universal Enterprise Private Limited	0.0	5.3	0.0	*(0.0)	-	-	0.0	*(0.0)
2 Sun Pharmaceutical Medicare Limited	(0.0)	(83.9)	(0.7)	(61.3)	(17)	(11.5)	(0.8)	(72.8)
<b>Associates (investment as per the equity method)</b>								
India								
1 Generic Solar Power LLP	-	-	-	-	-	-	-	-
2 Trumpcard Advisors and Finvest LLP	-	-	1.5	132.1	-	-	1.5	132.1
<b>Foreign</b>								
1 Sun Pharma Holdings	-	-	0.0	0.6	-	-	0.0	0.6
<b>Intercompany Elimination and Consolidation Adjustments</b>								
	0.1	120.7	-	-	-	-	-	-
<b>Total</b>	100.0	196,865.8	100.0	8,833.6	100.0	66.6	100.0	8,900.2

(\*) ₹ (5,930)

The above amount / percentage of net assets and net profit or (loss) in respect of the Parent Company, its subsidiaries and associates are determined based on the amount of the respective entities included in consolidated financial statement before inter-company eliminations / consolidation adjustments.

SUN PHARMA LABORATORIES LIMITED  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

FORM AOC - 1  
PURSUANT TO FIRST PROVISION TO SUB-SECTION (3) OF SECTION 129 OF COMPANIES ACT, 2013 WITH THE RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014  
STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENT OF SUBSIDIARIES / ASSOCIATE COMPANIES  
PART "A": SUBSIDIARIES

Sr No	Name of the Subsidiary Company	Date since when subsidiary was acquired	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment in Subsidiary	Other than Investment in Subsidiary	Turnover	Profit/(Loss) before Taxation	Provision for Taxation	Profit/(Loss) after Taxation	Proposed Dividend	% of Shareholding
1	Univeraal Enterprises Private Limited	31.08.2012	INR	1.00	4.5	0.8	5.3	0.0	-	-	-	-	(0.0)	(0.0)	-	100.00%
2	Sun Pharmaceutical Medicare Limited	16.01.2017	INR	1.00	2.5	(86.4)	3,077.1	3,161.0	-	-	1,100.2	(81.4)	(81.4)	(81.4)	-	100.00%

Note:

- 1 0.0 represents amount less than 0.05 million and rounded off.

SUN PHARMA LABORATORIES LIMITED  
 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Part "B": Associate Companies

₹ In Million

Sr. No	Name of Associates	Associate		
		Generic Solar Power LLP	Trumpcard Advisors and Finvest LLP	Sun Pharma Holdings
1	Latest audited Balance Sheet Date	31-Mar-18	31-Mar-18	31-Mar-18
	Date of acquisition	09.10.2015	31.03.2017	03.12.2015
2	Shares of Associates held by the company on the year end			
	No.	28,760	NA	50,000
	Amount of Investment in Associates	0.0	444.7	6.4
	Extend of Holding %	28.76%	40.61%	0.01%
3	Description of how there is significant influence	NA	NA	NA
4	Reason why the associate is not consolidated	NA	NA	NA
5	Networth attributable to Shareholding as per latest audited Balance Sheet	0.1	0.5	11.9
6	Profit / Loss for the year			
	i. Considered in Consolidation	(0.0)	132.1	0.6
	ii. Not Considered in Consolidation	(0.0)	193.2	10,445.3

For and on behalf of the Board of Directors of  
 Sun Pharma Laboratories Limited

**C. S. MURALIDHARAN**  
*Chief Financial Officer*  
 Mumbai

**SUDHIR V. VALIA**  
*Director*  
 Mumbai

**SAILESH T. DESAI**  
*Director*  
 Mumbai

**RACHANA N. KOKAL**  
*Company Secretary*  
 Mumbai

**KALYANASUNDARAM SUBRAMANIAN**  
*Whole time Director & CEO*  
 Montreal

Date: May 24, 2018



SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Ind AS- 24 - " RELATED PARTY DISCLOSURES "

ANNEXURE "A"

(I) Names of related parties and description of relationships

<p><b>1 Holding Company</b> Sun Pharmaceutical Industries Limited</p>	
<p><b>2 Fellow Subsidiaries</b> Sun Pharmaceutical Industries Inc Aditya Acquisition Company Limited Neelnav Real Estate Private Limited Ranbaxy (Thailand) Co., Ltd Taro Pharmaceutical Industries Ltd.(TARO)</p>	<p>Sun Pharma Medisales Private Limited (Refer Footnote 5) Sun Pharmaceutical Industries (Europe) B.V. Zenotech Laboratories Limited (w.e.f. July 27, 2017) Sun Pharma ANZ Pty Ltd Foundation for Disease Elimination and Control of India</p>
<p><b>3 Associates</b> Trumpcard Advisors and Finvest LLP (Refer Footnote 1 and 2) Vintage Power Generation LLP (subsidiary of Trumpcard Advisors and Finvest LLP)</p>	
<p><b>4 Key Management Personnel</b> Abhay A Gandhi (Refer Footnote 4) Sudhir V. Valia Sailesh T. Desai Kalyansundaram Iyer Natesan Subramanian (Refer Footnote 3 )</p> <p><b>Non-Executive Director</b> S. Mohanchand Dadha Rekha Sethi Naresh Chand Singhal</p>	<p>Whole-Time Director and Chief Executive Officer Non-Executive Director Non-Executive Director Whole-Time Director and Chief Executive Officer</p>
<p><b>5 Others</b> Makov Associates Ltd. Shantilal Shanghvi Foundation Alfa Infraprop Pvt. Ltd. Sidmak Laboratories India Private Limited Aditya Medisales Limited Ramdev Chemicals Private Limited Sholapur Organics Private Limited Sun Pharma Advanced Research Company Limited United Medisales Private Limited Virtuous Financa Private Limited</p>	

Footnote

- 1 Incorporated / Acquired during the Previous year.
- 2 Investment in Trumpcard Advisors and Finvest LLP with effect from March 31, 2017.
- 3 Mr. Kalyansundaram Iyer Natesan Subramanian appointed as whole-time Director with effect from February 13, 2017.
- 4 Mr. Abhay A. Gandhi was whole-time Director upto November 10, 2016.
- 5 During the year 2016-17, Solrex Pharmaceuticals Company, a partnership firm has been converted into company which is known as Sun Pharma Medisales Private Limited. Sun Pharma Medisales Private Limited has been amalgamated with Sun Pharmaceutical Industries Limited with effect from April 01, 2017 with order effective from September 06, 2017.

SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(II) Detail of related party transaction during the year ended March 31, 2018:

Type of Transaction	₹ in Million	
	Year ended March 31, 2018	Year ended March 31, 2017
Purchase of goods	1,896.3	2,322.5
Holding Company	1,737.4	2,322.5
Others (March 31, 2017 ₹ 5,228)	158.9	0.0
Purchase of Property, Plant and Equipment	22.5	17.5
Holding Company	21.5	17.5
Others	1.0	-
Sale of goods	51,415.3	577.6
Holding Company	1,408.5	577.6
Fellow Subsidiaries	5.3	-
Aditya Medisales Limited	50,001.5	-
Others (March 31, 2017 ₹ 33,278)	-	0.0
Sale of Property, Plant and Equipment	37.5	283.8
Holding Company	36.2	283.8
Fellow Subsidiaries	1.3	-
Receiving of Service	732.8	865.0
Holding Company	317.8	423.0
Fellow Subsidiaries	28.2	35.1
Others	386.8	406.9
Reimbursement of Expenses Paid	85.8	51.2
Fellow Subsidiaries	79.5	42.1
Holding Company	4.8	9.1
Others	1.5	-
Rendering of Service	208.2	269.2
Holding Company	208.2	269.2
Reimbursement of Expenses Received	1.6	2.6
Holding Company	0.3	2.6
Others	1.3	-
Finance (including investment and equity contributions)	0.0	312.5
Associates (March 31, 2018 ₹ 30,610)	0.0	312.5
Loans / Deposit given	34,422.1	9,200.0
Holding Company	28,122.1	9,200.0
Others	6,300.0	-
Loans received back	32,567.5	17,220.0
Holding Company	22,655.1	17,220.0
Others	9,912.4	-
Purchase of Investment	12,384.4	32,318.4
Holding Company	12,384.4	32,318.4
Interest Income	1,453.4	116.4
Holding Company	647.4	116.4
Others	806.0	-
Rent Income	42.0	-
Others	42.0	-
Receipts on account of assets given under finance lease	-	46.8
Others	-	46.8
Commission on consignment sales	5.0	-
Holding Company	5.0	-
Rent expense	25.1	20.0
Fellow Subsidiaries	0.7	0.7
Holding Company	17.6	19.3
Others	6.8	-
Corporate Social Responsibility expenses	62.8	52.1
Fellow Subsidiaries	42.8	-
Others	20.0	52.1
Remuneration		
Key Management Personnel	54.6	49.1

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Balance Outstanding as at the end of the year

₹ in Million

Particulars	As at	As at
	March 31, 2018	March 31, 2017
<b>Receivables</b>	<b>8,323.4</b>	<b>258.3</b>
Holding Company	-	268.3
Fellow Subsidiaries	6.1	-
Others	8,317.3	-
<b>Payable</b>	<b>2,825.3</b>	<b>1,152.6</b>
Fellow Subsidiaries	91.4	45.2
Holding Company	2,568.7	1,007.4
Key management personnel	2.8	7.5
Others	162.4	92.5
<b>Loan Given</b>	<b>6,049.7</b>	<b>-</b>
Holding Company	6,049.7	-
<b>Deposit Given</b>	<b>88.1</b>	<b>87.6</b>
Holding Company	0.1	0.1
Fellow Subsidiaries	87.5	87.5
Others	0.5	-

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to key management personnel of company.

SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Ind AS- 24 - " RELATED PARTY DISCLOSURES "

ANNEXURE "A"

(I) Names of related parties and description of relationships

<b>1 Holding Company</b>	
Sun Pharmaceutical Industries Limited	
<b>2 Fellow Subsidiaries</b>	
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Aditya Acquisition Company Limited	Sun Pharmaceutical Industries (Europe) B.V.
Neetnav Real Estate Private Limited	Zenotech Laboratories Limited (w.e.f. July 27, 2017)
Ranbaxy (Thailand) Co., Ltd	Sun Pharma ANZ Pty Ltd
Taro Pharmaceutical Industries Ltd.(TARO)	Foundation for Disease Elimination and Control of India
<b>3 Associates</b>	
Trumpcard Advisors and Finvest LLP (Refer Footnote 1 and 2)	
Vintage Power Generation LLP (subsidiary of Trumpcard Advisors and Finvest LLP)	
<b>4 Key Management Personnel</b>	
Abhay A Gandhi (Refer Footnote 4)	Whole-Time Director and Chief Executive Officer
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<b>Non-Executive Director</b>	
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Rekha Sethi	
Naresh Chand Singhal	
<b>5 Others</b>	
Makov Associates Ltd.	
Shantilal Shanghvi Foundation	
Alfa Infraprop Pvt. Ltd.	
Sidmak Laboratories India Private Limited	
Aditya Medisales Limited	
Ramdev Chemicals Private Limited	
Sholapur Organics Private Limited	
Sun Pharma Advanced Research Company Limited	
United Medisales Private Limited	
Virtuous Finance Private Limited	

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SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

(II) Detail of related party transaction during the year ended March 31, 2018:

Type of Transaction	₹ in Million	
	Year ended March 31, 2018	Year ended March 31, 2017
<b>Purchase of goods</b>	<b>1,896.3</b>	<b>2,322.5</b>
Holding Company	1,737.4	2,322.5
Others (March 31, 2017 ₹ 5,228)	158.8	0.0
<b>Purchase of Property, Plant and Equipment</b>	<b>22.5</b>	<b>17.5</b>
Holding Company	21.5	17.5
Others	1.0	-
<b>Sale of goods</b>	<b>51,415.3</b>	<b>577.6</b>
Holding Company	1,408.5	577.6
Fellow Subsidiaries	5.3	-
Others (March 31, 2017 ₹ 33,278)	50,001.5	0.0
<b>Sale of Property, Plant and Equipment</b>	<b>37.5</b>	<b>283.8</b>
Holding Company	36.2	283.8
Fellow Subsidiaries	1.3	-
<b>Receiving of Service</b>	<b>732.8</b>	<b>865.0</b>
Holding Company	317.8	423.0
Fellow Subsidiaries	28.2	35.1
Others	386.8	406.9
<b>Reimbursement of Expenses Paid</b>	<b>85.8</b>	<b>51.2</b>
Fellow Subsidiaries	79.5	42.1
Holding Company	4.8	9.1
Others	1.5	-
<b>Rendering of Service</b>	<b>208.2</b>	<b>269.2</b>
Holding Company	208.2	269.2
<b>Reimbursement of Expenses Received</b>	<b>1.6</b>	<b>2.6</b>
Holding Company	0.3	2.6
Others	1.3	-
<b>Finance (including investment and equity contributions)</b>	<b>0.0</b>	<b>312.5</b>
Associates (March 31, 2018 ₹ 30,610)	0.0	312.5
<b>Loans / Deposit given</b>	<b>34,422.1</b>	<b>9,200.0</b>
Holding Company	28,122.1	9,200.0
Others	6,300.0	-
<b>Loans received back</b>	<b>32,567.5</b>	<b>17,220.0</b>
Holding Company	22,655.1	17,220.0
Others	9,912.4	-
<b>Purchase of Investment</b>	<b>12,384.4</b>	<b>32,318.4</b>
Holding Company	12,384.4	32,318.4
<b>Interest Income</b>	<b>1,453.4</b>	<b>116.4</b>
Holding Company	647.4	116.4
Others	806.0	-
<b>Rent Income</b>	<b>42.0</b>	<b>-</b>
Others	42.0	-
<b>Receipts on account of assets given under finance lease</b>	<b>-</b>	<b>46.8</b>
Others	-	46.8
<b>Commission on consignment sales</b>	<b>5.0</b>	<b>-</b>
Holding Company	5.0	-
<b>Rent expense</b>	<b>25.1</b>	<b>20.0</b>
Fellow Subsidiaries	0.7	0.7
Holding Company	17.6	19.3
Others	6.8	-
<b>Corporate Social Responsibility expenses</b>	<b>62.8</b>	<b>52.1</b>
Fellow Subsidiaries	42.8	-
Others	20.0	52.1
<b>Remuneration</b>	<b>-</b>	<b>-</b>
Key Management Personnel	54.6	49.1

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.

## SUN PHARMA LABORATORIES LIMITED

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018

Balance Outstanding as at the end of the year		₹ in Million	
Particulars	As at March 31, 2018	As at March 31, 2017	
<b>Receivables</b>	<b>8,323.4</b>	<b>268.3</b>	
Holding Company	-	268.3	
Fellow Subsidiaries	6.1	-	
Others	8,317.3	-	
<b>Payable</b>	<b>2,825.3</b>	<b>1,152.6</b>	
Fellow Subsidiaries	91.4	45.2	
Holding Company	2,568.7	1,007.4	
Key management personnel	2.8	7.5	
Others	162.4	92.5	
<b>Loan Given</b>	<b>6,049.7</b>	<b>-</b>	
Holding Company	6,049.7	-	
<b>Deposit Given</b>	<b>88.1</b>	<b>87.6</b>	
Holding Company	0.1	0.1	
Fellow Subsidiaries	87.5	87.5	
Others	0.5	-	

Key Managerial Personnel who are under the employment of the Company are entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above and there is no Share-based payments to key management personnel of company.